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ABSTRACT

This instructor's guide, suitable for use in the adult education programs of school districts, of Boards of Cooperative Educational Services (BOCES), and in the community colleges of New York State, presents course outlines and material for those who are either keeping a set of records for a small business or who wish to prepare to do so. The guide consists of 10 lessons and 5 problems designed for use in 10 sessions of 3 hours each. The illustrations and problems are based on a service business. The 10 lessons are (1) Introduction; (2) Sources of Data and Journalizing; (3) Combined Cash Journal, Ledger Accounts, and Posting; (4) Journalizing, Posting T-Account Ledger, Trial Balance; (5) Standard 2-Column Ledger, (6) Reconciling a Bank Statement and Making a Payroll; (7) Reporting and Remitting Taxes; (8) Journalizing for Problem 5; (9) Ledger Entries for April in Problem 5; and (10) Trial Balance, Balance Sheet, and Income Statement for Problem 5. Lessons consist of a content outline with teaching suggestions, techniques, and references. Also included is a section on tips for teachers of adult classes in small business bookkeeping and a large section of illustrations, forms, and solutions to problems. (WL)

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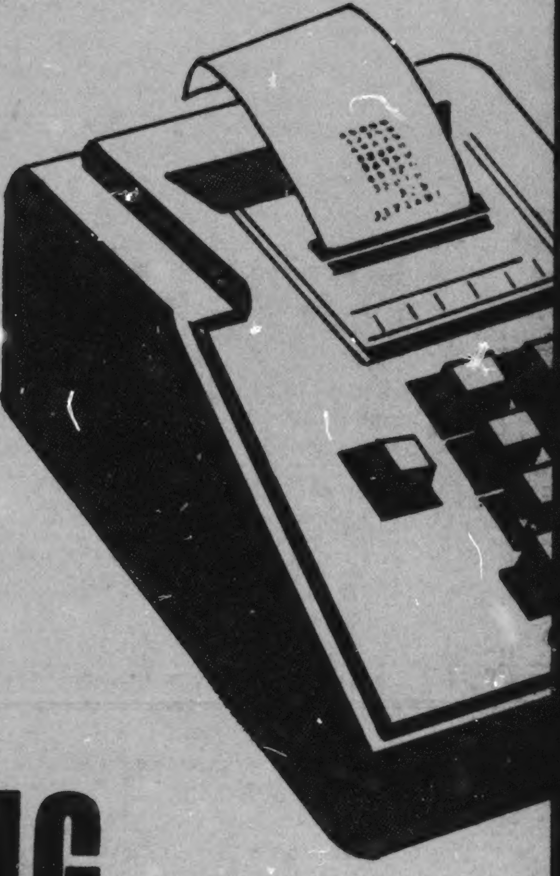
PART I

SMALL BUSINESS BOOKKEEPING



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A SUGGESTED ADULT BUSINESS EDUCATION COURSE

THE UNIVERSITY OF THE STATE OF NEW YORK / THE STATE EDUCATION DEPARTMENT
BUREAU OF CONTINUING EDUCATION CURRICULUM DEVELOPMENT/ALBANY, NEW YORK 12224
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FOREWORD

The course described in this instructor's guide, *Small Business Bookkeeping, Part I,* is intended as an adult course for those who are either keeping a set of records for a small business, or who wish to prepare to do so. Students in the course would very likely include those operating their own small business as well as others employed in such a business.

The scope of a course in small business bookkeeping was determined by an advisory committee which then prepared an outline of its content. The first part of that course appears in this booklet. The second and final part, when completed, will appear in another booklet.

The members of the advisory committee were: Stephen Cumberbatch, Business Education Department, Newtown High School, Elmhurst; George J. Gearhardt, chairman of business education, Guilderland Central High School, Guilderland Center; Bernard Goldhill, Manpower Development Training Program, New York; Frederick G. Smith, chairman, Accounting Department, State University of New York Agricultural and Technical College, Cobleskill; Hobart H. Conover, chief, Bureau of Business Education; E. Noah Gould, associate in continuing curriculum; and Eugene Whitney, associate in business education. Mr. Conover and Mr. Gould were cochairmen of the committee.

The course was written and all accounting problems and illustrative forms were prepared by Helen N. Safford, associate professor, School of Education, State University of New York at Albany. Mr. Gould guided the development and writing of this course, edited the manuscript, and prepared it for publication.

We acknowledge with thanks information about business operations received from Samuel and John Crozier, owners and operators of a small drycleaning business in Greenwich.

HERBERT BOTHAMLEY, *Chief*
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GORDON E. VAN HOOFT, *Director*
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MESSAGE TO THE INSTRUCTOR

The course in this book is suitable for use in the adult education programs of school districts, of Boards of Cooperative Educational Services (BOCES), and in the community colleges of New York State. The course consists of 10 lessons and five problems. The lesson content is to be covered in class. The problems, appearing in a structured sequence, are to be handled as indicated in the text. The illustrations and problems are based on a service business.

Part II, when it appears, is expected to be based on a business making retail sales of goods, called a trading business. Those who take Part II will be expected to have either completed Part I or to have the equivalent in training or experience. Part II is expected to contain the following topics: comparison of a service business and a trading business; sources of data for a trading business; recording transactions and summarizing data; adjusting, closing, and analyzing data; worksheet, statements, and closing procedures. A set of practice problems for a trading business is also to be included.

Students will probably bring in bookkeeping problems from their jobs or businesses which can add much to the course. The instructor should help them with these problems, and if one of the problems is of general interest should explain it to the whole class.

The illustrations, forms, and problem solutions in this course all have figure numbers. (See pp. vi and vii.) The digit to the left of the decimal point is the number of the lesson in which the figure is first discussed. The digit (or digits) to the right of the decimal point show the number of the figure within the lesson. If a figure number has a "K" at the right, it signifies that the figure is an answer key. Some answer keys have more than one page; a digit to the right of the "K" shows the page number for such an answer key.

An instructor for this course should be experienced in bookkeeping; if possible he should have teaching experience also. A qualified instructor can usually be obtained from the faculty of a high school, a collegiate school of business, or a school of education.

The content of this course can generally be covered in 10 sessions of 3 hours each, but this pattern is by no means universal, nor is it mandatory in any sense. For those students who wish to cover some topics in greater depth, the instructor can suggest materials for independent study.

An instructor or administrator who needs help in planning or conducting a course using this publication may contact the Bureau of Business Education.

HOBART H. CONOVER, *Chief*
Bureau of Business Education

ROBERT H. BIELEFELD, *Director*
Division of Occupational Education Instruction

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LESSON 1

INTRODUCTION

Content Outline	Teaching Suggestions and Techniques
I. Introduction to the Course	Have students introduce themselves and give general comments as to type of work they do. Establish an informal, relaxed atmosphere for the classroom.
A. Purpose of course	This course uses a practical approach to small business bookkeeping to develop the knowledge and understanding necessary for an individual to keep records of his own small business.
B. Course content	Present a brief overview of each lesson in Part I. Mention the general content for Part II but not in detail. (See page iv.)
C. Reference materials	Explain to the students that Part I of the course is self-contained as to general content and practice problems to apply to the content. Refer them to the following as general references: Boynton, Lewis D. and others. *Century 21 accounting, first-year course*. Cincinnati, Ohio. South-Western Pub. Co. 1973. Chap. 1-11. Freeman, M. H. and others. *Accounting 10/12;* 2d ed. Hightstown, N.J. Gregg Div., McGraw-Hill. 1973. Part 1: Elements of financial records, Chap. 1-7.

Content Outline	Teaching Suggestions and Techniques
	Part 3: Special accounting procedures, Chap. 1. Janis, Arthur & Miller, Morris. *Fundamentals of modern bookkeeping, first course.* New York, N.Y. Pitman Pub. Co. 1965. Units 1-15, pp. 2-136.
II. Owning a Small Business	
A. Why own a business?	Generate discussion with the class to bring out key ideas—what motivates an individual to own his own business. The main ideas that should be brought out are that an owner of a business can: 1. Be independent—be his own boss 2. Try out new ideas 3. Make a profit
B. Why keep records?	Emphasize the need for complete records to fulfill tax requirements and provide a basis for good business management. Point out that good management requires an accurate and complete account of cash coming in and going out. Also that a good historical record of business operations provides a good basis for planning future operations.
C. Combined Cash Journal	This record contains information for tax forms and financial statements. Show a transparency of Figure 1.1, Cash Analysis. Generate possibilities from the class about cash analysis.
1. Cash received	For Cash *Received* discuss where the cash comes from. Bring out sales to customers and additional investment by owner as sources of cash.
2. Cash paid out	For Cash *Paid Out* discuss what it is paid for. Include the following: rent heat lights supplies payroll

Content Outline	Teaching Suggestions and Techniques
	taxes equipment withdrawals of cash by owner donations advertising, etc. This should lead into the general format of the Combined Cash Journal.
3. The Journal itself	Show a transparency of Figure 1.2, Combined Cash Journal, Receipts. Discuss cash received and the columns needed. Show a transparency of Figure 1.3, Combined Cash Journal, Receipts and Disbursements, used as an overlay with Figure 1.2. Discuss the cash paid out and the columns needed. This completes the format for the Combined Cash Journal, which is to be used for recording transactions of Village Drycleaners for the Part I course.
III. Key Terminology	It might be helpful to give each student a complete list of terms with brief definitions. Explain each term, with examples where possible, using the chalkboard or overhead projector. The terms suggested, listed below, are arranged in related groups rather than in alphabetical order: Business organization Sole proprietorship Partnership Corporation Journal Ledger Petty Cash Record Cash basis of accounting Fiscal period Cash control Assets Liabilities Net Worth Bookkeeping equation

Content Outline	Teaching Suggestions and Techniques
	Transaction Double entry bookkeeping Account Debit Credit
	Income Expenses Net Profit Income Statement Balance Sheet
	Bookkeeping cycle Journalizing Posting Trial Balance Financial statements Adjusting and closing entries Balance and rule accounts Postclosing Trial Balance
IV. Fundamental Elements of Bookkeeping	Now define the terms in depth and give examples.
A. Assets and liabilities	Relate the fundamental elements of these concepts as broad classifications for accounts, using basic balance sheet items as examples.
B. Net Worth	Mention the standard terms used interchangeably with Net Worth; that is, Owners' Equity, Capital, Present Worth, Proprietorship.
V. Bookkeeping Equation	Use a transparency of Figure 1.4, Bookkeeping Equation, and overlay Figure 1.5, Balance Sheet Format.
A = L + NW	Relate the bookkeeping equation to the fundamental elements of bookkeeping and the balance sheet. Emphasize that Assets must equal Liabilities plus Net Worth.
A. Effect of transactions on equation	Use a transparency of Figure 1.6, Effect of Transactions on Bookkeeping Equation, with beginning amounts inserted.

Content Outline	Teaching Suggestions and Techniques
	Start with the basic equation Assets = Liabilities + Net Worth $20,500 = $2,500 + $18,000 Demonstrate (with the help of the class) the following transactions: (See Figure 1.6K in Illustration section.) a. Paid $500 cash for new equipment b. Received $100 cash from sales to customers c. Paid $100 cash for rent of building d. Paid $50 cash for fuel oil for heating e. Owner paid in $1,000 cash as additional investment in business f. Paid $30 cash for supplies g. Paid $200 cash for salary to employees h. Paid $500 for note payable due today i. Owner withdrew $250 cash for personal use j. Paid $40 cash for advertising
VI. Balance Sheet	Use a transparency of Figure 1.7, Balance Sheet as of Dec. 31 for the Village Drycleaners, which is the small business upon which Part I problems and projects are based. Analyze and discuss all elements of this Balance Sheet with the class.

LESSON 2

SOURCES OF DATA AND JOURNALIZING

Content Outline	Teaching Suggestions and Techniques
I. Review of Previous Lesson	Conduct a quick refresher of key terms and concepts presented in previous lesson. Include the bookkeeping equation, the Balance Sheet, and other fundamental elements of bookkeeping.
II. Income Statement, Village Drycleaners	Use a transparency of Figure 2.1, Income and Expense Analysis. Relate it first to the format of the Combined Cash Journal. Discuss what increases cash and what decreases cash.
A. Sources of income	Generate from the class, for a dry-cleaning business, what would be sources of cash. List them on the transparency of Figure 2.1. Some sources of income might be: 1. Cash from customers (the primary source) 2. Additional investment by the owner 3. Sale of equipment
B. Expenses of business	Generate from the class and list on the transparency some typical expenses, such as the following: 1. Rent 2. Utilities 3. Supplies 4. Payroll 5. Taxes 6. Interest on loans

Content Outline	Teaching Suggestions and Techniques
C. Net profit	Point out that profit results when income is greater than expenses. Mention also the possibility of net loss and the conditions which might create it. Show a transparency of Figure 2.2, Income Statement for Dec. Discuss it with the class. Relate the Net Profit to the Net Worth section of the Balance Sheet. Mention that profit retained in the business is an increase of capital.
III. Sources of Data A. Income 1. Cash register tape	Explain that the cash register tape should agree with duplicate sales tickets to verify cash for the day.
2. Customer sales tickets	Indicate that the number on the cleaning ticket (Sales Ticket), written up at the time customer leaves a garment to be cleaned, agrees with the number attached to garment before processing. When customer returns to claim garment the number is used to locate garment and duplicate slip is detached by clerk to support the cash amount of the sale.
B. Expenses	
1. Checkbook stubs	State that good cash control requires that cash received be deposited in the bank promptly, and that cash paid out be in checks. This should be the general rule.
2. Receipts for cash payments	If payment is made in cash a receipt should be signed by the person receiving the cash. Then the receipt should be put in the cash drawer to support the cash payment.
IV. Combined Cash Journal A. What the form looks like	Show a transparency of Figure 2.3, Combined Cash Journal Format. Point out that a Combined Cash Journal (or a combination journal) is used by most small businesses in place of many special journal forms. The latter, used in larger businesses, usually include:

Content Outline	Teaching Suggestions and Techniques
	Cash Receipts Journal, Cash Payments Journal, Sales Journal, General Journal, etc. Emphasize that the number of columns is flexible. A column can be put in whenever there are enough repetitions of one kind of entry.
B. Recording Transactions Problem 1, January transactions (See p. 9.)	Problem 1 is a selected group of typical transactions of a drycleaning business. Distribute copies of Figure 2.3, Combined Cash Journal Format, to the students. Use the chalkboard or overhead projector and present each transaction to the class. Analyze and discuss it, then record it in the Combined Cash Journal. As you illustrate each entry have the students record it in their own copies of Figure 2.3. While recording the transactions emphasize the following: 1. Analyze each transaction before recording. 2. In double entry bookkeeping debits must equal credits. At least two items are affected by each transaction.

PROBLEM 1
JANUARY TRANSACTIONS

Record the following transactions in a Combined Cash Journal.

Jan. 1. Beginning cash balance $1,400.00 (From Dec. Balance Sheet)
1. Paid rent $170.00 for month of January

2. Cash sales $388.00 (Sales $366.04; Sales tax $21.96)

6. Paid $18.00 for repairs to cleaning unit

8. Paid $27.00 for telephone bill

9. Cash sales $316.01 (Sales $298.12; Sales tax $17.89)

10. Payroll, net cash paid $199.08
Distribution for recording:

Payroll expense	$235.00
Federal income tax	20.80
State income tax	2.90
FICA	12.22

12. Paid $7.50 for 1-year subscription to Drycleaning World
12. Paid tax liability from previous 3-month period. Issued separate checks to Governmental agencies as follows:

Paid $370.00 Federal taxes for Federal income tax payable $268.00, and FICA tax payable $102.00
Paid $90.00 State income tax payable
Paid $315.00 State sales tax (3%)
Paid $315.00 County tax (sales tax) (3%)
(NOTE: For entries to clear accounts established for tax liabilities, give only a brief explanation now. More detailed explanation will be given later in course.)

16. Cash sales $403.01 (Sales $380.20; Sales tax $22.81)

18. J. Blair, owner, withdrew $400.00 cash for personal use

20. Paid $16.50 repairs to delivery truck

23. Paid $88.00 for 50 gallons of cleaning fluid

27. Cash sales $365.42 (Sales $344.74; Sales tax $20.68)

30. Payroll, net cash paid $199.08
Distribution for recording:

Payroll expense	$235.00
Federal income tax	20.80
State income tax	2.90
FICA	12.22

LESSON 3

COMBINED CASH JOURNAL, LEDGER ACCOUNTS, AND POSTING

Content Outline	Teaching Suggestions and Techniques
I. Review of Journalizing	Conduct a brief review of journalizing using the Combined Cash Journal from previous lesson. Point out that *journalizing* is step 1 of the bookkeeping cycle. Allow time for questions and discussion.
II. Footing and Ruling	Demonstrate the procedures for footing and ruling using chalkboard or overhead projector. Use a transparency of Figure 2.3, Combined Cash Journal Format, with transactions journalized as for Problem 1.
A. Adding columns B. Proving equality of debits and credits C. Ruling journal D. Preparing cash proof	Particularly demonstrate adding columns, proving the equality of debits and credits, ruling the Journal, and preparing a cash proof. Emphasize importance of neatness and legibility. Discuss cash proof, that the balance of cash in Journal should agree with balance of cash in Checkbook Register.
III. General Ledger, T-Account Form	Mention that step 2 of bookkeeping cycle is *posting*. This includes transferring amounts from Journal to General Ledger.
A. Reason for a Ledger	Relate the Ledger to the Balance Sheet. Note that some items have changed; for example, cash now has a different balance.

Content Outline | Teaching Suggestions and Techniques

Discuss how a bookkeeper organizes records to maintain current balances:

1. The Ledger is organized by items (or categories), similar to columns in the Combined Journal.
2. Information is transferred periodically to the categories in the Ledger. This is posting.

B. T-Account format

Use a transparency of Figure 3.1, T-Account Format. Point out that each item has its own account.

C. Opening T-Accounts

Using a transparency of Figure 1.7, Balance Sheet as of Dec. 31, open T-Accounts for posting the Journal entries of Problem 1, January Transactions.

1. Asset accounts

Point out that items on the left side of the equation (assets) have balances on left-hand side of the T-Account, as follows:

Cash

Bal. 1400.00	

2. Liabilities and Net Worth

Items on the right side of the equation (Liabilities and Net Worth) have balances on the right-hand side of the T-Account. (An exception is Drawing which is a decrease to capital.) Show an example of a right-hand entry as follows:

Federal Withholding Payable

	Bal. 268.00

Use a transparency of Figure 3.2, T-Account Ledger, and open accounts for posting Problem 1. Each student should have a T-Account form to work along with the instructor. Make provision for 27 accounts. (See Figure 3.2K in Illustrations.)

Content Outline	Teaching Suggestions and Techniques
3. Income and expenses	Point out that income and expense accounts are categories of Capital. They are recorded in the Net Worth section of accounts, as follows: 1. Income increases Capital, so it is recorded on the credit side of the account. 2. Expenses of business decrease Capital, so expense items are recorded on the debit side.
D. Posting Journal Problem 1, January Transactions	In Problem 1 demonstrate, using chalkboard or overhead projector, posting of the items from the Combined Cash Journal to the opened T-Accounts. Post together with the students.
E. Computing account balances	Work together, using correct procedures, to compute account balances, while you demonstrate. Be alert to the methods students are using. The students should use scrap paper and not do the computations in the T-Accounts; they should show only the pencil footings.
IV. Journalizing Problem 2, February Transactions	Problem 2 is similar to Problem 1, but for February. It is designed to reinforce previous lessons. Have the students journalize Problem 2 with a minimum of instructor intervention. You should be available to give individual help and answer questions. Problem 2 will be carried over into the next lesson.

PROBLEM 2
FEBRUARY TRANSACTIONS

Record the following transactions in a Combined Cash Journal.

Feb. 1. Record beginning cash balance $657.28
1. Paid $170.00 rent for month of February

3. Cash sales $270.30 (Sales $255.00; Sales tax $15.30)
5. Paid electric bill $47.70 (Utilities)
7. Paid $23.60 for servicing filters of cleaning units

11. Cash sales $251.43 (Sales $237.20; Sales tax $14.23)
12. Paid $15.80 for 2 rolls of plastic garment covers
14. J. Blair, owner, withdrew $400 for personal use

15. Payroll, net cash paid $199.08
Distribution for recording:

Payroll expense	$235.00
Federal income tax	20.80
State income tax	2.90
FICA	12.22

15. Cash sales $392.20 (Sales $370.00; Sales tax $22.20)

18. Paid $10.00 for 1-year subscription to TSM for Cleaning and Laundry Management magazine

21. Cash sales $195.04 (Sales $184.00; Sales tax $11.04)
23. Paid $41.75 for order of wire hangers
25. Cash sales $296.80 (Sales $280.00; Sales tax $16.80)

27. Paid $15.00 for ad in local paper about special spring cleanup on draperies

28. Cash sales $269.24 (Sales $254.00; Sales tax $15.24)
28. Payroll, net cash paid $199.08
Distribution for recording:

Payroll expense	$235.00
Federal income tax	20.80
State income tax	2.90
FICA	12.22

LESSON 4

JOURNALIZING, POSTING T-ACCOUNT LEDGER, TRIAL BALANCE

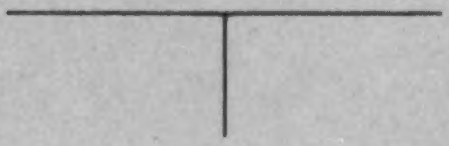
Content Outline	Teaching Suggestions and Techniques
I. Review and Application of Previous Learnings	Use this lesson as a work session for review, with the only new learning being the Trial Balance.
A. Journalizing	Continue journalizing Problem 2, February Transactions, started in Lesson 3. The students should be working independently, but you should be available to give assistance and answer questions.
B. Preparing Journal for posting	You should provide a quick review of the procedures to prepare the Journal for posting. This includes footing, ruling, cash proof form, and check of total debits against total credits.
C. Posting Problem 2	If adding machines are available for student use, allow them to be used for footing and cross column checks. Use the T-Account Ledger, Figure 3.2, of Problem 1 for posting Problem 2. Once started the students should work independently as much as possible while posting. They should then foot the T-Account Ledger and compute balances for accounts. This constitutes readiness for Trial Balance.

Content Outline	Teaching Suggestions and Techniques
II. Trial Balance	Treat the Trial Balance, at this point, only on a very elementary level. Discuss some of the errors a bookkeeper can make. Point out the need for periodic checks on the equality of debits and credits in the Ledger.
A. Trial Balance Form used	A bookkeeper uses the Trial Balance form for arranging account balances from his Ledger to check the equality of debits and credits. Now use a transparency of Figure 4.1, Trial Balance Form. Explain that a Trial Balance is merely a listing from the Ledger of accounts and balances. Demonstrate the trial balance procedure using the information from the T-Account Ledger after Problem 2 has been posted. The students should be working individually as you demonstrate. See the transparency of Figure 4.1K, Ans. Key to Trial Balance for Problem 2, as a basis for discussion after they have finished.
B. What a Trial Balance Proves	Conduct a brief discussion with the students about the purpose of the Trial Balance. Discuss the types of errors it will catch and the types it will not catch. Bring out the conclusion that it merely proves that debits equal credits.

LESSON 5

STANDARD 2-COLUMN LEDGER

Content Outline	Teaching Suggestions and Techniques
I. Review and Application of Previous Learnings	Make this lesson a work session to reinforce the first three steps of the bookkeeping cycle: journalizing, posting, and trial balance.
II. Standard 2-Column Ledger	New learning for this session will be the standard 2-Column General Ledger in place of the T-Account Ledger that has been used up to this lesson.
	Now take up Problem 3, March Transactions, journalizing in Combined Cash Journal, Figure 2.3. (See p. 19.)
	Have the students make the Journal entries independently at this point, with a minimum of help from you. Then use Figure 5.1K to discuss the results.
A. Orientation to the Ledger Form	Now point out similarities between the T-Account and the 2-Column Ledger format: 1. Use Figure 5.2, T-Account Ledger. The students have used this form and know how to use it.



Content Outline

Teaching Suggestions and Techniques

2. Overlay Figure 5.3 on Figure 5.2, which will add the ruled 2-Column format on the T-Account structure, to organize the information written into the account.

Point out that the amount and date will continue to be transferred from the Journal to the account. Now there is also an explanation column for special notations and a Posting Reference column to show where information came from.

B. Opening the 2-Column Ledger Accounts

Using figures (balances of accounts at end of February) from previous problems, transfer the balances to the 2-Column General Ledger Accounts.

You should direct this process, at least for the first few accounts. Then carefully supervise it. Use a transparency of Figure 5.4, 2-Column Standard Ledger Accounts, as illustrated:

CASH — Account No. 1

Date		Explanation	Post. Ref.	Debit		Date		Explanation	Post. Ref.	Credit	
1971 Feb.	28	Balance	✓	1210	28						

NOTE: A checkmark in *Post. Ref.* column for a balance indicates that the amount was written in directly, not posted from a Journal.

C. Posting for March

Demonstrate the posting, emphasizing:

1. Using the proper steps from Journal to Ledger Account, posting: amount, date, posting reference (CJ for Cash Journal), the posting reference in Journal (which would be the Ledger Account No.).

Content Outline	Teaching Suggestions and Techniques
	2. Following what the Journal headings indicate. For example, in a Cash Received debit the total is *debited* to the Cash Account in the Ledger, etc.
D. Computing balances in accounts	This procedure is the same as for the T-Account Ledger. Explain the steps to the class: 1. Do not show computations in an account but only small pencil footings. 2. Write each balance on the proper side of the account. (See Figure 5.4K, Ans. Key to Posting Mar. Transactions to 2-Col. Ledger for Prob. 3.)
E. Trial balance	Use the same form and procedure as before. Review quickly; then the students should be able to work independently. (See Figure 5.5K, Ans. Key to Trial Balance for Prob. 3.)

PROBLEM 3
MARCH TRANSACTIONS

Record the following transactions in a Combined Cash Journal.

March 1. Record beginning cash balance $1,210.28
1. Paid $170.00 rent for month of March

2. Cash sales $270.42 (Sales $255.10; Sales tax $15.32)
4. Paid electric bill $43.70
6. Paid $33.60 gasoline slips for delivery truck
7. Cash sales $379.48 (Sales $358.00; Sales tax $21.48)

9. Paid $53.45 for cardboard storage boxes for sweaters and blankets
10. Paid $31.00 telephone bill
11. Cash sales $299.98 (Sales $283.00; Sales tax $16.98)
14. J. Blair, owner, withdrew $400.00 for personal use

15. Payroll, net cash paid $199.08
Distribution for recording:

Payroll expense	$235.00
Federal income tax	20.80
State income tax	2.90
FICA	12.22

16. Cash sales $338.14 (Sales $319.00; Sales tax $19.14)
17. Paid $88.00 for 50-gallon drum of cleaning fluid
18. Cash sales $346.73 (Sales $327.10; Sales tax $19.63)
20. Paid $3.00 for 3-year subscription to Drycleaners News

23. Cash sales $288.32 (Sales $272.00; Sales tax $16.32)
25. Paid $14.90 for special drapery hangers
28. Paid $7.50 for potted vine for counter ornamentation (Misc. Expense)

30. Payroll, net cash paid $199.08
Distribution for recording:

Payroll expense	$235.00
Federal income tax	20.80
State income tax	2.90
FICA	12.22

LESSON 6

RECONCILING A BANK STATEMENT AND MAKING A PAYROLL

Lessons 6 and 7 together cover special areas handled by the bookkeeper. These include reconciling a bank statement, preparing a payroll, and reporting employee and sales taxes. These areas, all based on the Village Drycleaners books through March 31, are covered in the two lessons. The first two areas are in Lesson 6, the reporting of taxes in Lesson 7. It is important that all students complete Problem 3 before starting Lesson 6.

Content Outline	Teaching Suggestions and Techniques
I. Review	Conduct a brief review and summary of Problem 3. If the students have not finished this problem, give them time to complete it. Recap the information presented in the course to date, in general terms.
II. Work of Bookkeeper vs. Accountant	Use a very simplified approach in explaining the difference in functions between an accountant and a bookkeeper. Explain that a bookkeeper records daily transactions, prepares payrolls, posts information from journal to ledger, prepares a trial balance, summarizes some data, and prepares some reports.
A. Accountant often used	Mention that most business owners use the services of an accountant; that is, a public accountant, who is often a CPA (Certified Public Accountant). Such an accountant, when he is employed by a small business, usually performs audits where advisable, prepares quarterly

Content Outline	Teaching Suggestions and Techniques
	and annual payroll tax forms, owner's income tax forms, and end-of-year financial reports.
	Explain that the accountant may also prepare adjusting entries periodically and close the books at the end of the year. How much work an accountant is needed for, if any, depends on how much of the accounting function the bookkeeper can do.
III. Special Areas	The main purpose of Lessons 6 and 7 is to consider some of the special areas that are frequently handled by the bookkeeper.
A. Reconciling a Bank Statement	Use transparencies of Figure 6.1, Bank Reconciliation Form, and Figure 6.2, Overlay. Discuss them.
	Point out that the adjustments on the form to reconcile the two balances generally involve things done by the customer that have not cleared the account in the bank. Examples include deposits recorded in books but not received in time to appear on bank statement, checks written but not yet presented to bank for payment.
1. Some adjustment made at bank	Explain that some adjustments are made at the bank that the customer does not know about until he receives a bank statement. These cover service charges, collections for customer, and checks not honored.
	Bring to class a sample bank statement to show symbols used and general format. Sample cancelled checks can also be shown.
2. Problem 4	Next take up Problem 4, Reconciling a Bank Statement. Information for this is given below. Prepare Reconciliation Statement for the Village Drycleaners for March 31, 19___ with the class. Use the transparencies of Figures 6.1 and 6.2 again. Also see Figure 6.2K, Ans. Key to Bank Reconciliation Statement for Prob. 4.

Content Outline	Teaching Suggestions and Techniques
a. Adjustment needed	NOTE: One adjustment necessary after the Reconciliation Statement is finished is as follows: Debit Miscellaneous Expense $2.00 Credit Cash $2.00 (These will be part of the April adjustments in Problem 5, Independent Project.)

PROBLEM 4
RECONCILING A BANK STATEMENT

Received bank statement from Village National Bank. Prepare the Bank Reconciliation Statement for Village Drycleaners as of March 31, 19__ based on the following information:

Bank balance as shown on bank statement $1,824.20

Deposit recorded in checkbook register but not shown on bank statement $288.32

Checkbook balance (Cash Account Balance) $1,890.04

Checks outstanding No. 31, $3.00; No. 32, $14.90; No. 33, $7.50; No. 34, $199.08

Service charge shown on bank statement $2.00

Relate the information above to the March completed Combined Cash Journal and point out where the information is obtained. (It is from Cash Journal, Checkbook Register, if any, and Bank Statement.)

IV. Payroll
  A. Preliminaries

1. Form W-4, Employee's Withholding Exemption Certificate	Point out that the bookkeeper must have every employee fill in and sign Form W-4 not later than the first day of work. Show a transparency of Figure 6.3, which is the form. Demonstrate how to fill it in.
2. Social Security number	This number should be recorded from the actual Social Security identification card of the employee, not from memory or secondhand.

Content Outline	Teaching Suggestions and Techniques
	Stress the importance of having it accurately recorded.
3. Pay rate of employee	Discuss the following questions as applied to the employee's pay rate: Is he paid by the hour, week, month, or year? Does he receive overtime? How is his gross pay computed? Give examples here and discuss the following.

Village Drycleaners has two employees, both married:

Lydia Baker	$95.00 per week	1 exemption claimed
William Smith	$140.00 per week	5 exemptions claimed

Content Outline	Teaching Suggestions and Techniques
	Both employees may receive overtime at the rate of $1\frac{1}{2}$ times their regular rate of pay.
4. Method of payment	Include these methods of payment in your discussion: Weekly, biweekly, semimonthly, and monthly. Payment by check or in cash. (Village Drycleaners pays every Friday in cash.)
B. Preparation of Payroll 1. Making Payroll Worksheets	
	Show a transparency of Figure 6.4, Payroll Worksheet, and explain the format.
	Using this Worksheet, demonstrate the preparation of the Village Drycleaners payroll. Use the information on Lydia Baker and William Smith given above.
	Use transparencies to show how tax tables are read. Then use the tax information to make the Village Drycleaners weekly payroll with the students. The transparencies to use are: Figure 6.5, Social Security Employee Tax Table; Figure 6.6, Federal Weekly Withholding Tax Table; and Figure 6.7, N.Y. State Weekly Withholding Tax Table.
	Another Federal publication that is very useful at this point is Circular E, Employer's Tax Guide, Publication 15,

Content Outline	Teaching Suggestions and Techniques
	Department of Treasury, Internal Revenue Service.
	Complete the payroll computation sheet. Determine the net pay for each employee. Use horizontal and vertical totals as a cross-check (See Figure 6.4K, Ans. Key for Payroll Worksheet.)
3. Getting the cash needed	
A. Determining what is needed	Show and explain a transparency of Figure 6.8, Cash Breakdown Sheet for Payroll. This is a worksheet form used by the payroll bookkeeper. Prepare it to determine how many of each bill and coin are needed for a cash payroll for Village Drycleaners.
B. Requesting it from bank	Now show and explain a transparency of Figure 6.9, Currency Requisition from Bank. (See Figures 6.8K and 6.9K.)
4. Recording entries in Combined Cash Journal	Demonstrate the recording of a payroll entry in the Combined Cash Journal. Now record the employer's share of the FICA tax. (See Figure 8.1K, Ans. Key to Journalizing Apr. Transactions for Prob. 5.)
5. Employee earnings record	Use transparencies of Figure 6.10, Employee Earnings Record Format, and Figure 6.10K, Employee Earnings Record for Lydia Baker (Overlay). Explain them to the class.

LESSON 7

REPORTING AND REMITTING TAXES

Content Outline	Teaching Suggestions and Techniques
I. Governmental Reporting Required*	Explain to the students that laws require employers to file certain forms with various governmental agencies periodically during the year.
A. Employer's responsibilities	Point out particularly that an employer must: 1. Act as withholding agent of employees' income taxes for governmental agencies 2. Know the law about forms to be filed, amounts to be withheld from employees' pay, and due dates for taxes to be remitted 3. Collect and report sales taxes for State, county, and city agencies, wherever applicable
1. Role of accountant	Explain also the role of the accountant in answering questions and giving advice on interpretations of tax laws and regulations.
B. The forms required	Obtain copies of Federal Form 941 from the U.S. Internal Revenue Service, New York State Form IT-2101-M from the State Income Tax Bureau, and Form ST-100 from the State Sales Tax Office. Let the students see these blank forms and also use transparencies of filled-in copies (explained below) to discuss their use. A copy of Circular E,

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* Forms and tax rates often change. Those included here are current at time of writing.

Content Outline	Teaching Suggestions and Techniques
	Employer's Tax Guide, Pub. 15, Department of the Treasury, Internal Revenue Service, should also be helpful as a reference.
C. Form 941, Employer's Quarterly Federal Tax Return	Explain Form 941 to the students using a transparency of Figure 7.1K, Ans. Key to Form 941 from Illustrations. (This is the form for remitting Federal income taxes withheld and both employer and employee Social Security taxes to Internal Revenue Service.) You might wish to show where data is taken from to fill out the return, and complete a blank form to show how it is done.
1. Journal entries needed	As result of filing the form for the first quarter (January, February, and March), the following entries must be recorded in the Combined Cash Journal for April 1. (See Problem 5.)

	Debit	Credit
Federal income tax payable	$124.80	
FICA tax payable	73.32	
Cash		$198.12

Content Outline	Teaching Suggestions and Techniques
D. Form IT-2101 (PNS), Employer's Return of N.Y. State Personal Income Tax Withheld	This is the form for remitting New York State income tax withheld from the pay of employees. The tax is sent to the Income Tax Bureau of the State of New York. Use a transparency of Figure 7.2K, Ans. Key to Form IT-2101 (PNS), filled-in for March for the Village Drycleaners, and discuss it.
1. Where data comes from	As with the form above, you might wish to show where data is taken from to fill out the return, and complete a blank form to show how it is done.
2. Journal entries needed	As a result of filing the form for the first quarter, the following entries must be recorded in the Combined Cash Journal for April 1. (See Problem 5.)

Content Outline | Teaching Suggestions and Techniques

	Debit	Credit
State income tax payable	$ 17.40	
Cash		$ 17.40

E. Form ST-100, New York State and Local Sales and Use Tax Return

This form is used to remit sales taxes collected for State, county, and locality. The form and money are sent to the New York State Department of Taxation and Finance quarterly. Emphasize to the students that the periods covered by this form differ from the regular calendar quarters.

1. Reporting periods

The periods covered are:
- December 1 through end of February, due March 20
- March 1 through May 31, due June 20
- June 1 through August 31, due Sept. 20
- September 1 through November 30, due Dec. 20

Use a transparency of Figure 7.3K, Ans. Key to N. Y. State Form ST-100 for the period December 1 through February 28, for class discussion. You might also wish to show where data is taken from and fill out a blank copy of this form to show a completed return.

2. Reporting only January and February sales

NOTE: For purposes of this course we are assuming that the only sales to be reported are ones recorded in January and February. Also that the form is filed on time and there is no late charge.

3. Journal entries needed

As result of filing the form the following entries must be made in the Combined Cash Journal for April 1. They should be recorded as of March 20 to be on time. (See Problem 5.)

	Debit	Credit
State sales tax payable	$ 89.08	
County sales tax payable	89.07	
Cash		$178.15

F. More detail on bookkeeper responsibilities later

In-depth treatment of bookkeeper responsibilities for filing payroll tax forms is planned for Part II of the *Small Business Bookkeeping* course.

LESSON 8

JOURNALIZING FOR PROBLEM 5

Lessons 8, 9, and 10 together use a project which is covered in the following materials:

Transactions to be recorded (which follow this lesson) including:
  April Transactions
  Adjustment and Cash Payments (as explained in Lessons 6 and 7)
Figure 8.1K Ans. Key to Journalizing Apr. Transactions
  9.1K Ans. Key to Posting Mar. and Apr. Transactions
  10.1K Ans. Key to Trial Balance as of Apr. 30
  10.2K Ans. Key to Financial Statement Worksheet
  10.3K Ans. Key to Balance Sheet as of Apr. 30
  10.4K Ans. Key to Income Statement for 4-month Period Ended Apr. 30

The Journalizing is to be covered in Lesson 8; the posting to Ledger accounts in Lesson 9; and the Trial Balance, Balance Sheet, and Income Statement in Lesson 10.

Content Outline	Teaching Suggestions and Techniques
I. Review	Conduct a brief review of journalizing and the format of the Combined Cash Journal.
II. Journalizing A. Entries in Combined Cash Journal	Have the students (each one working independently) journalize the transactions for the Village Drycleaners for the month of April. Point out that the project represents typical transactions of a small drycleaning business for 1 month. Mention that it differs from previous problems in that cash sales are recorded daily and payrolls are figured weekly.

Content Outline	Teaching Suggestions and Techniques
B. Totaling, proving, and ruling the Journal	When the journalizing is completed, have them total, prove, and rule the Journal, making it ready for posting to Ledger accounts in Lesson 9.
C. Discussion of the results	Now use a transparency of Figure 8.1K, Ans. Key to Journalizing Apr. Transactions, and discuss the results with the class.

PROBLEM 5
INDEPENDENT PROJECT
APRIL TRANSACTIONS
(For Lessons 8, 9, and 10)

April 1. Record beginning cash balance $1,890.04
1. Record the adjustment and cash payments resulting from reconciling the bank statement and paying income, FICA, and sales taxes, as shown on page 31 and discussed in Lessons 6 and 7.
1. Paid Pool Realty Co. $170.00, rent for April

4. Paid Laundry-Drycleaners Equipment Co. $45.52 for order of wire hangers
4. Cash sales $181.90 (Sales $171.60; Sales tax $10.30)
5. Paid N.Y. Telephone $23.90 for 1 month of service
5. Cash sales $138.22 (Sales $130.40; Sales tax $7.82)

6. Paid 3-year premium for fire insurance on premises $286.00
6. Paid $36.40 to Edgar Stellar for repairs to steam-ironer unit
6. Cash sales $146.28 (Sales $138.00; Sales tax $8.28)
7. Paid annual dues $56.00 to National Institute of Drycleaners (NID)
7. Cash sales $168.81 (Sales $159.25; Sales tax $9.56)

8. Payroll for week, net cash paid $199.08
Distribution for recording:

Payroll expense	$235.00
Federal income tax	20.80
State income tax	2.90
FICA tax	12.22

8. Record employer's FICA tax expense
8. Cash sales $292.67 (Sales $276.10; Sales tax $16.57)
9. Paid Laundry-Drycleaners Equipment Co. $35.80 for 4 rolls of plastic garment bags
9. Cash sales $215.82 (Sales $203.60; Sales tax $12.22)

11. Paid $7.00 to Village Publisher (weekly local newspaper) for 1-year subscription
11. Paid $38.00 to Circle Heating for fuel oil for heat
11. Cash sales $308.46 (Sales $291.00; Sales tax $17.46)

12. Paid $6.50 to Mrs. George Andersen for lost sweater
12. Cash sales $126.56 (Sales $119.40; Sales tax $7.16)

13. Cash sales $172.46 (Sales $162.70; Sales tax $9.76)
14. Paid Gas and Electric Company $43.00 for electric service for month
14. Cash sales $167.16 (Sales $157.70; Sales tax $9.46)

15. Payroll for week, net cash paid $199.08
Distribution for recording:

Payroll expense	$235.00
Federal income tax	20.80
State income tax	2.90
FICA tax	12.22

15. Record employer's FICA tax expense
15. Paid Village Garage $28.00 for 2 weeks' gas slips for delivery truck
15. Cash sales $236.84 (Sales $223.43; Sales tax $13.41)
16. Cash sales $306.55 (Sales $289.20; Sales tax $17.35)

18. Paid $10.00 to local Boy Scout Troop (donation)
18. Cash sales $138.22 (Sales $130.40; Sales tax $7.82)
19. Cash sales $188.15 (Sales $177.50; Sales tax $10.65)
20. Paid $12.00 to local Merchant's Association for annual banquet tickets
20. Cash sales $178.72 (Sales $168.60; Sales tax $10.12)
21. Cash sales $241.68 (Sales $228.00; Sales tax $13.68)

22. Payroll for week, net cash paid $199.08
Distribution for recording:

Payroll expense	$235.00
Federal income tax	20.80
State income tax	2.90
FICA tax	12.22

22. Record employer's FICA tax expense
22. Cash sales $381.60 (Sales $360.00; Sales tax $21.60)
23. Cash sales $311.96 (Sales $294.30; Sales tax $17.66)
25. Paid $10.00 to local high school for Citizenship Award (donation)
25. Cash sales $152.54 (Sales $143.90; Sales tax $8.64)

26. Cash sales $147.34 (Sales $139.00; Sales tax $8.34)
27. Paid $28.40 to John Stellar for servicing filter on cleaning units
27. Cash sales $214.12 (Sales $202.00; Sales tax $12.12)
28. Cash sales $249.84 (Sales $235.70; Sales tax $14.14)

29. Payroll for week, net cash paid $199.08
Distribution for recording:

Payroll expense	$235.00
Federal income tax	20.80
State income tax	2.90
FICA tax	12.22

29. Record employer's FICA tax expense
29. Cash sales $278.57 (Sales $262.80; Sales tax $15.77)
30. J. Blair, owner, withdrew $450.00 for personal use
30. Cash sales $414.14 (Sales $390.70; Sales tax $23.44)

30. Paid $1,545.00 to Village National Bank for equipment loan plus interest (6-month note $1,500.00; interest expense at 6%, $45.00)

ADJUSTMENT AND CASH PAYMENTS
Resulting from Reconciling Bank Statement and Paying Income, FICA, and Sales Taxes
(as explained in Lessons 6 and 7)
April 1, 19__

(1) To record employer's share of FICA taxes for months of Jan., Feb., and Mar.

FICA tax	$ 73.32 (debit)	
FICA Tax Payable		$ 73.32 (credit)

(2) Adjustment to cash, service charge from Bank Reconciliation Statement

Miscellaneous Expense	$ 2.00 (debit)	
Cash		$ 2.00 (credit)

(3) Federal income tax and FICA taxes paid to Federal Government for first quarter of year, check No. 35

Federal Income Tax Payable	$124.80 (debit)	
FICA Tax Payable	146.64 (debit)	
Cash		$271.44 (credit)

(4) State income tax paid to State Tax Dept. for first quarter of year, check No. 36

State Income Tax Payable	$ 17.40 (debit)	
Cash		$ 17.40 (credit)

(5) State and county sales tax paid for period, check No. 37

State Sales Tax Payable	$ 89.08 (debit)	
County Sales Tax Payable	$ 89.07 (debit)	
Cash		$178.15 (credit)

LESSON 9

LEDGER ENTRIES FOR APRIL IN PROBLEM 5

Content Outline	Teaching Suggestions and Techniques
I. Review	Answer any questions the students might have about the Journal for the month of April. Check the totals in the Journal with the class. Conduct a brief review of posting procedures.
II. Posting Journal Entries for April to Ledger Accounts	Have the students (again working independently) post the Journal entries for April to the Ledger accounts. Have them make the postings on the Ledger sheets which already contain the March entries. When posting is finished, have them compute account balances in the Ledger to be ready for the Trial Balance. Discuss the posting with them using a transparency of Figure 9.1K.

LESSON 10

TRIAL BALANCE, BALANCE SHEET, AND INCOME

Content Outline	Teaching Suggestions and Techniques
I. Review	Answer any questions the students might have on previous parts of Problem 5. Conduct a brief review of trial balance procedure.
II. Trial Balance	Have the students (independently) prepare a Trial Balance from the Ledger as of April 30, 19__. Then check the totals with the class. Discuss the results using Figure 10.1K, Ans. Key to Trial Balance for Prob. 5.
III. Financial Statements	Together with class prepare a simple 6-column Worksheet for Financial Statements, a Balance Sheet, and an Income Statement for the 4 months ending April 30, 19__, from the information of Problem 5. Use transparencies of Figure 10.2K, Ans. Key to Financial Statement Worksheet, and Figures 10.3K and 10.4K for discussion.
IV. Summary of Part I	Summarize the bookkeeping cycle as presented in this course. This will include:

Content Outline	Teaching Suggestions and Techniques
	1. Journalizing 2. Posting to Ledger 3. Trial Balance 4. Financial reports 5. Adjusting entries
V. Plan for Part II	Part II (which we expect to publish later) will reinforce the steps above and will cover the remaining steps of the bookkeeping cycle. The following steps will be included: 1. Closing entries 2. Balancing and ruling the accounts (at the end of the accounting period) 3. Post-closing Trial Balance

TIPS FOR TEACHERS OF ADULT CLASSES IN SMALL BUSINESS BOOKKEEPING

Tips for Teachers of Adult Classes in Small Business Bookkeeping

1. Sell yourself to your group—acquire their confidence.

2. Sell the group thoroughly on the benefits to be derived from the course. Be sure you know the objectives of the course and be certain these objectives are achieved.

3. Keep the atmosphere informal:
    a. Avoid the traditional classroom seating.
    b. If possible, seat the members of the group so each one can see the face of every other member.

4. Avoid the use of the words: *class, teacher, classroom, student*, etc.

5. Show your interest in the course. Be enthusiastic about it!

6. Work problems out together with members of the group.

7. Use all the teaching aids you can beg, borrow, and contrive. Examples are:
    - Chalkboard
    - Duplicated outlines
    - Charts
    - Photographs
    - Overhead projector
    - Opaque projector (show real forms)
    - Filmstrips
    - Films

8. When you criticize—smile.

9. Avoid mentioning a specific product unless your whole group is from the organization manufacturing or promoting the sale of that product.

10. The discussion method is usually better than the lecture method. Always allow time for discussion.

11. Encourage participants to ask questions, perhaps relative to their own particular business or job.

12. Don't let any one participant take too much class time.

13. Use actual or realistic transactions to illustrate and tie down specific points.

14. Start on time. Stop on time.

15. If outside assignments are necessary, give them with complete explanations *early* in the session. Remember that most adults are too busy to do outside assignments.

16. Remember that you are dealing with a group that is voluntarily attending and cannot be classified as a "captive" audience. Your use of simple language and the way you put it across will determine whether you are reaching each person and whether he will return again. If you must use technical language, explain it.

17. In preparing for each lesson:
    a. Determine what is to be presented.
    b. Organize the material.
    c. Decide the best method (or methods) of presentation.
    d. Plan the use of suitable visual aids.
    e. Outline your plans.

18. Prepare yourself:
    a. Rehearse your presentation.
    b. Time your presentation. It is a good idea to reserve one-half of the class time for discussion, questions, and problem work.
    c. Try to anticipate questions that may be asked.

19. Prepare the room:
    a. Check the materials, visual aids, machines, and supplies you plan to use.
    b. Check the operation of any required equipment.
    c. Check the room temperature, seating, and lighting.

20. Miscellaneous:
    a. Pace your teaching according to the learning of the group.
    b. Emphasize, repeat, and summarize important points.
    c. Introduce new topics and information.
    d. When talking, face the class—not the chalkboard.
    e. When writing on chalkboard, do not talk.
    f. Encourage the participants to ask questions.
    g. Have visual aids prepared before class time.

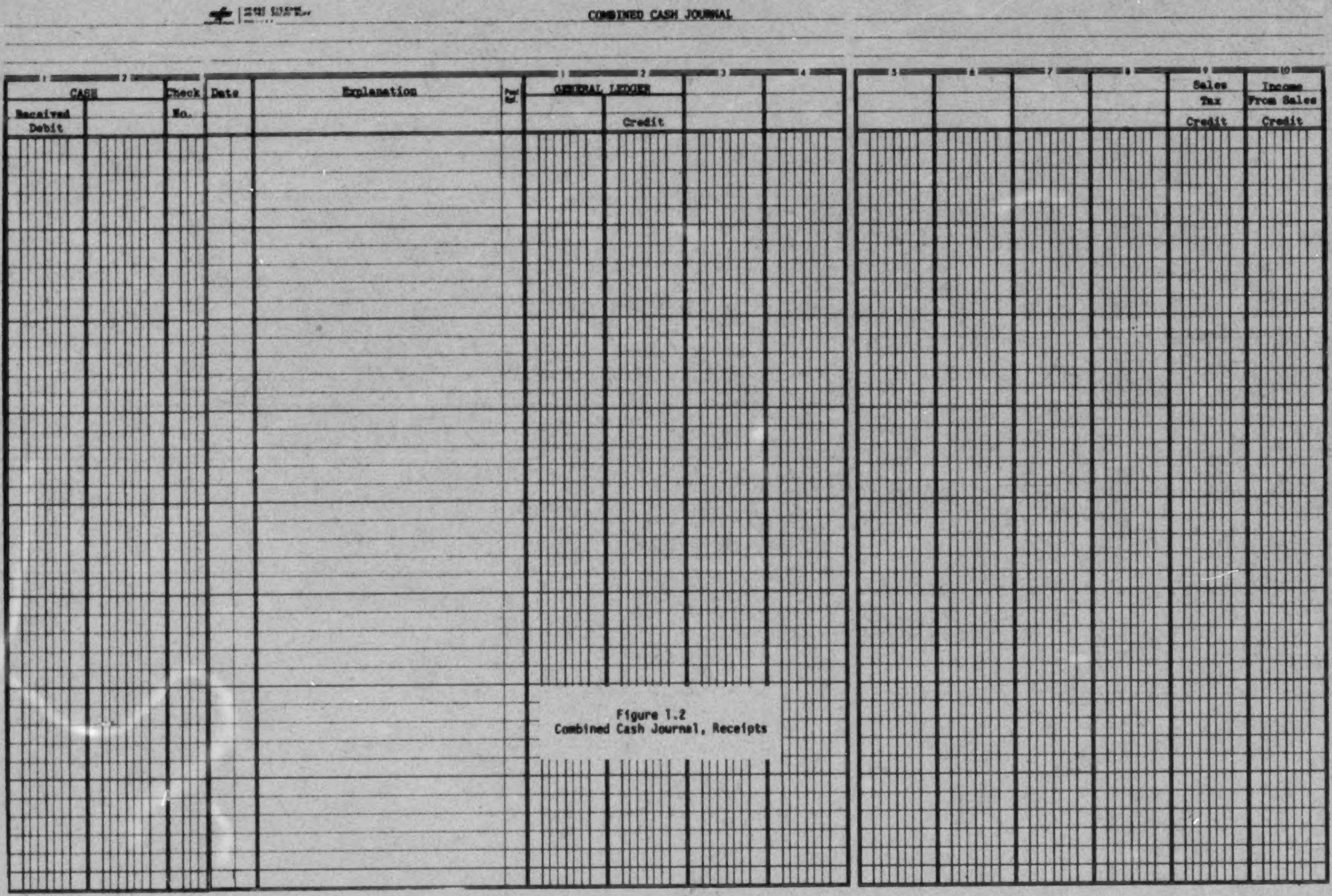
ILLUSTRATIONS, FORMS, AND SOLUTIONS TO PROBLEMS

VILLAGE DRYCLEANERS

CASH

RECEIVED	PAID OUT
(From what?)	(For what?)

Figure 1.1
Cash Analysis



COMBINED CASH JOURNAL

CASH 1	2	Check No.	Date	Explanation	Post Ref.	GENERAL LEDGER 1	2	3	4	5	6	7	8	9 Sales Tax	10 Income From Sales
Received Debit							Credit							Credit	Credit

Figure 1.2
Combined Cash Journal, Receipts

COMBINED CASH JOURNAL

1	2 Paid Out Credit					1 Debit	2	3 Cleaning Supplies Debit	4 Utilities Debit	5 Payroll Debit	6 Federal Income Tax Credit	7 State Income Tax Credit	8 FICA Tax Credit	9	10

Figure 1.3
Combined Cash Journal, Receipts and Disbursements
(Overlay for Fig. 1.2)

BOOKKEEPING EQUATION

$$A = L + NW$$

Figure 1.4
Bookkeeping Equation

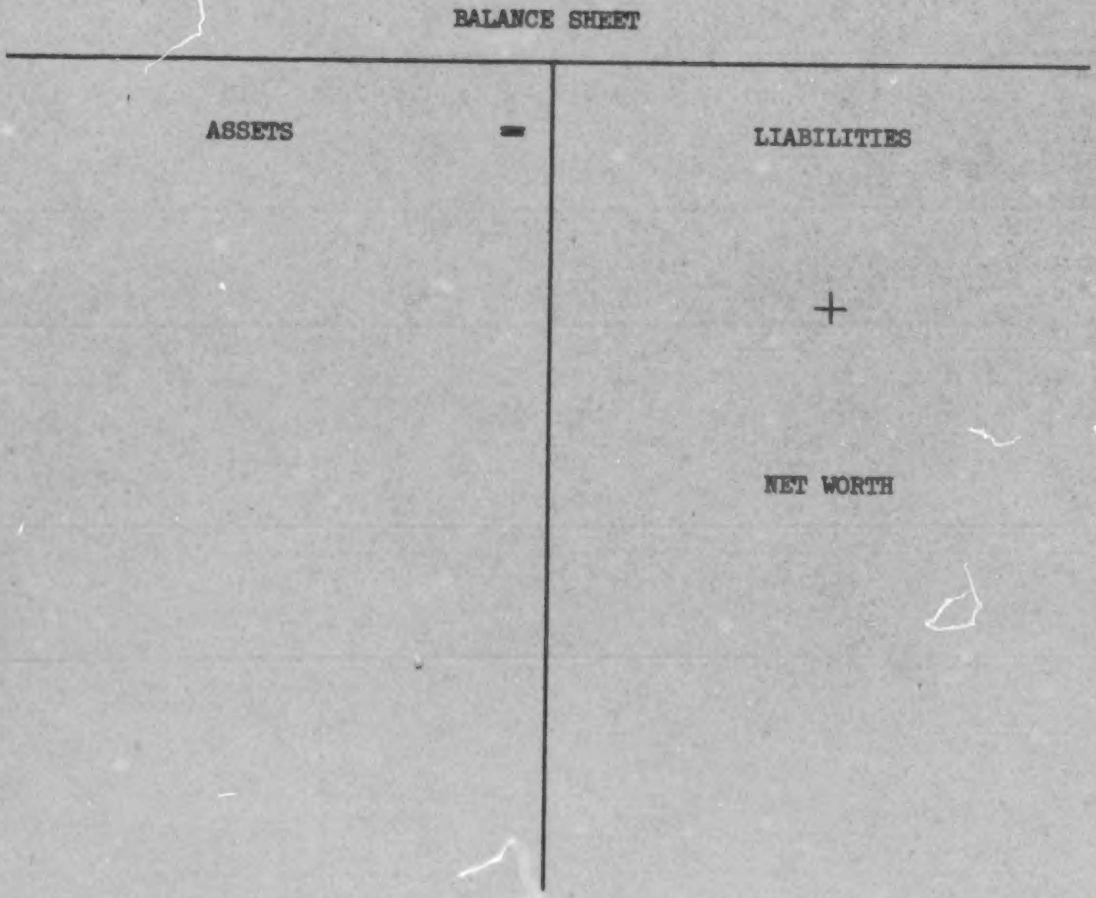

BALANCE SHEET
ASSETS
=
LIABILITIES
+
NET WORTH

Figure 1.5
Balance Sheet Format

ASSETS	=	LIABILITIES	+	NET WORTH
$20,500		$2,500		$18,000

Figure 1.6
Effect of Transactions on Bookkeeping Equation

	ASSETS	=	LIABILITIES	+	NET WORTH
a.	$20,500	=	$2,500	+	$18,000
	- 500				
	+ 500				
b.	20,500	=	2,500	+	18,000
	+ 100				+ 100
c.	20,600	=	2,500	+	18,100
	- 100				- 100
d.	20,500	=	2,500	+	18,000
	- 50				- 50
e.	20,450	=	2,500	+	17,950
	+ 1,000				+ 1,000
f.	21,450	=	2,500	+	18,950
	- 30				- 30
g.	21,420	=	2,500	+	18,920
	- 200				- 200
h.	21,220	=	2,500	+	18,720
	- 500		- 500		
i.	20,720	=	2,000	+	18,720
	- 250				- 250
j.	20,470	=	2,000	+	18,470
	- 40				- 40
	20,430	=	2,000	+	18,430

NOTE: Emphasize that after each transaction the equation is still in balance. Also start the increase-decrease concept: cash paid out decreases cash, decreases assets, etc.

Figure 1.6K
Examples of the Effect of Transactions on Bookkeeping Equation

VILLAGE DRYCLEANERS

Balance Sheet
As of December 31, 19__

Assets	
Cash	$ 1,400.00
Prepaid insurance	380.00
Supplies	405.00
Furniture	860.00
Delivery truck	1,500.00
Equipment	16,045.00
Total Assets	$20,590.00

Liabilities	
Taxes payable	
Federal withholding	$ 268.00
State withholding	90.00
FICA tax	102.00
Sales tax	
State	315.00
County	315.00
Equipment loan	1,500.00
Total liabilities	$ 2,590.00

Net Worth			
J. Blair, Capital, Jan. 1		$14,000.00	
Net profit for year	$16,000		
Less drawings	12,000		
Net increase capital		4,000.00	
J. Blair, Capital, Dec. 31			$18,000.00
Total Liabilities and Net Worth			$20,590.00

Figure 1.7
Balance Sheet as of December 31

VILLAGE DRYCLEANERS

SOURCES OF INCOME?

EXPENSES OF BUSINESS?

NET PROFIT

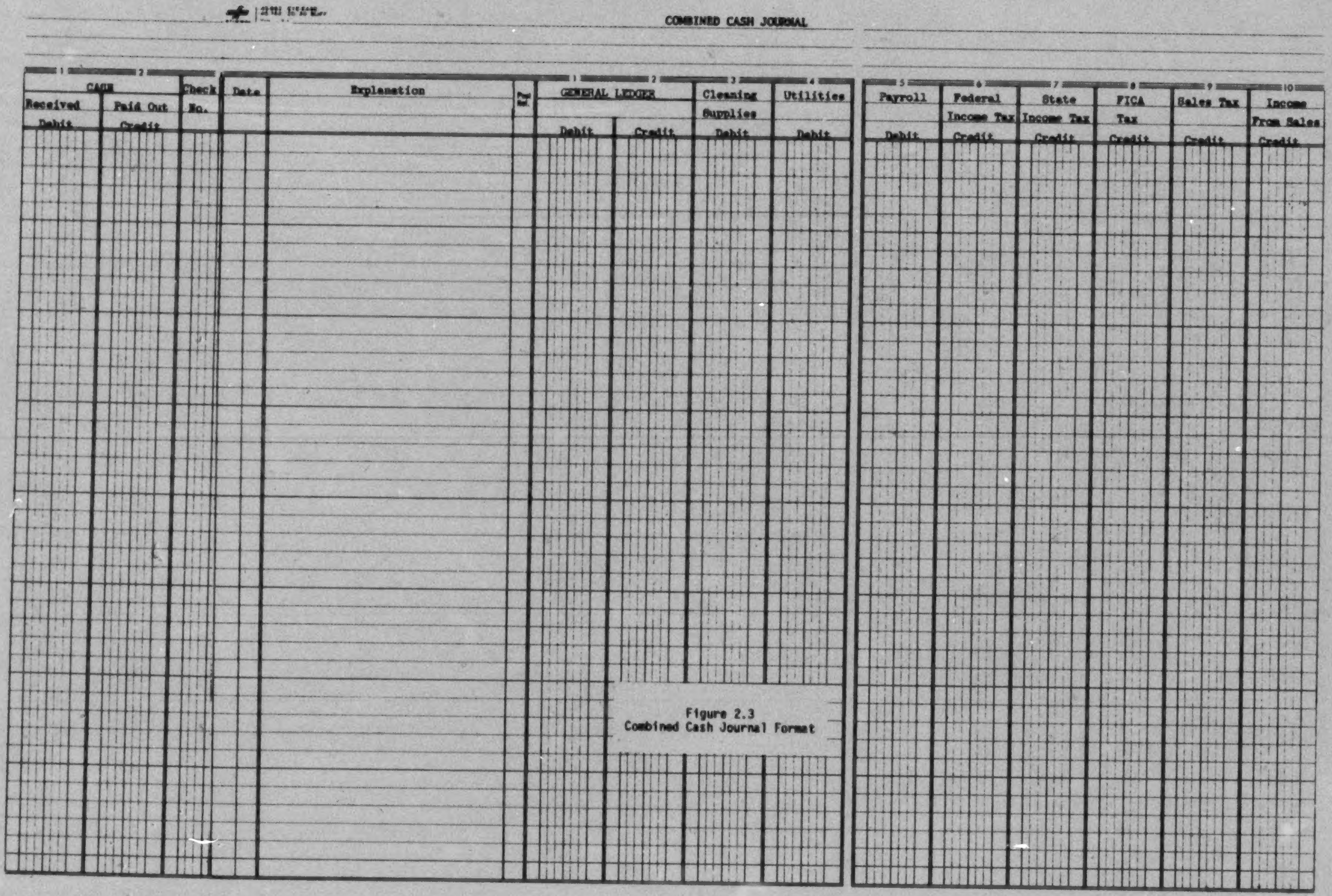
Figure 2.1
Income and Expense Analysis

VILLAGE DRYCLEANERS

Income Statement
For Month of December 19__

Income from Sales		$3,200.00
Expenses		
Rent	$170.00	
Utilities	163.00	
Cleaning supplies	48.00	
Maintenance	128.00	
Delivery truck expense	74.00	
Payroll	940.00	
FICA taxes (employer)	48.88	
Donations	10.00	
Advertising	15.00	
Miscellaneous	84.00	
Total Expenses		1,680.88
Net Profit		$1,519.12

Figure 2.2
Income Statement for December



COMBINED CASH JOURNAL

1	2					1	2	3	4	5	6	7	8	9	10
CASH		Check No.	Date	Explanation	Post Ref.	GENERAL LEDGER		Cleaning Supplies	Utilities	Payroll	Federal Income Tax	State Income Tax	FICA Tax	Sales Tax	Income From Sales
Received	Paid Out														
Debit	Credit					Debit	Credit	Debit	Debit	Debit	Credit	Credit	Credit	Credit	Credit

Figure 2.3
Combined Cash Journal Format

COMBINED CASH JOURNAL

1 CASH Received Debit	2 CASH Paid Out Credit	Check No.	Date		Explanation	P.R.	1 GENERAL LEDGER Debit	2 GENERAL LEDGER Credit	3 Cleaning Supplies Debit	4 Utilities Debit	5 Payroll Debit	6 Federal Income Tax Credit	7 State Income Tax Credit	8 FICA Credit	9 Sales Tax Credit	10 Income From Sales Credit
			19— Jan	1	Cash Balance $1,400.00	✓										
	170 00	1.		1	Rent Expense	51	170 00									
388 00				2	Cash Sales										21 96	366 04
	18 00	2		6	Repairs and Maintenance	4	18 00									
	27 00	3		8	Telephone					27 00						
316 01				9	Cash Sales										17 89	298 12
	199 08	4		10	Payroll						235 00	20 80	2 90	12 22		
	7 50	5		12	Dues and Subscriptions	56	7 50									
	370 00	6		12	Federal Income Tax Payable	21	268 00									
					F.I.C.A. Payable	23	102 00									
	90 00	7			State Income Tax Payable	22	90 00									
	315 00	8			State Sales Tax Payable	24	315 00									
	315 00	9			County Sales Tax Payable	25	315 00									
403 01				16	Cash Sales										22 81	380 20
	400 00	10		18	J. Black, Drawing	32	400 00									
	16 50	11		20	Delivery Truck Expense	58	16 50									
	88 00	12		23	50 Gal. Fluid				88 00							
365 42				27	Cash Sales										20 68	344 74
	199 08			30	Payroll						235 00	20 80	2 90	12 22		
1472 44	2215 16			31	Totals		1702 00		88 00	27 00	470 00	41 60	5 80	24 44	83 34	1389 10
(1)	(1)						✓	✓	(52)	(53)	(54)	(21)	(22)	(23)	41.67 (24) State	(41)
															41.67 (25) County	
					Cash Proof											
					Balance, January 1		1400 00									
					Plus Receipts for Month		1472 44									
							2872 44									
					Less Payments for Month		2215 16									
					Balance, January 31		657 28									

Figure 2.3K
Ans. Key to
Journalizing Jan. Transactions
In Prob. 1

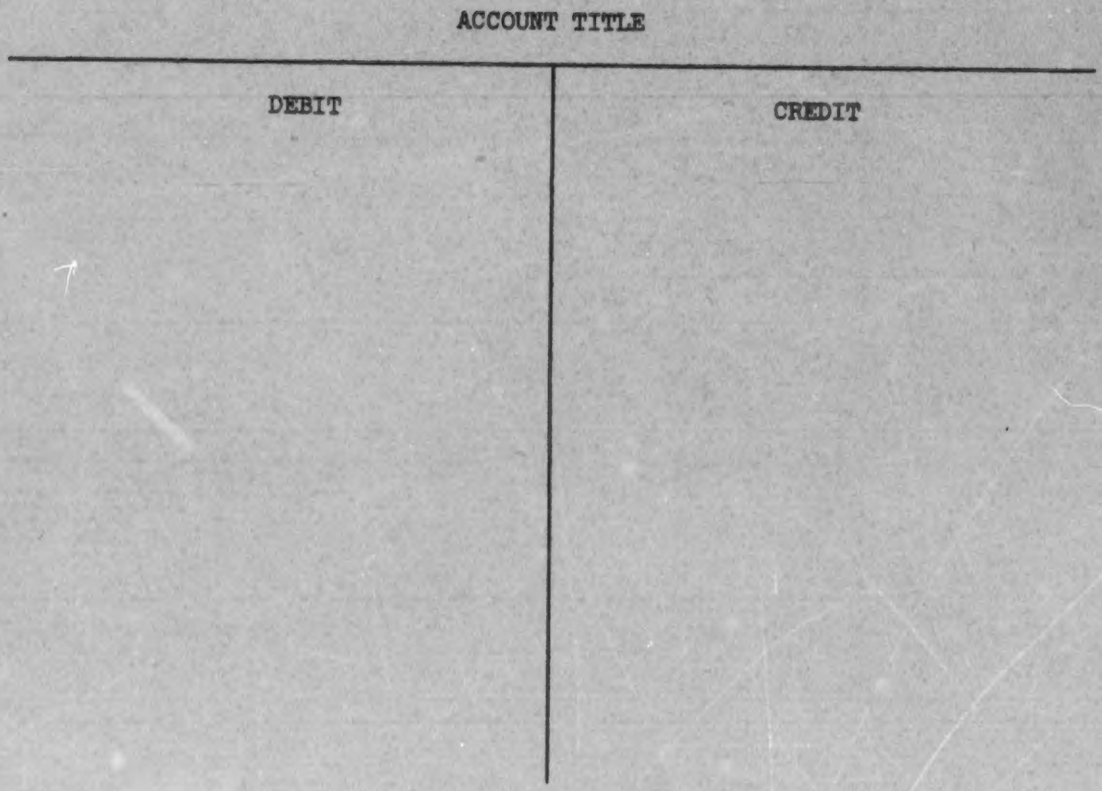

ACCOUNT TITLE
DEBIT
CREDIT

Figure 3.1
T-Account Format

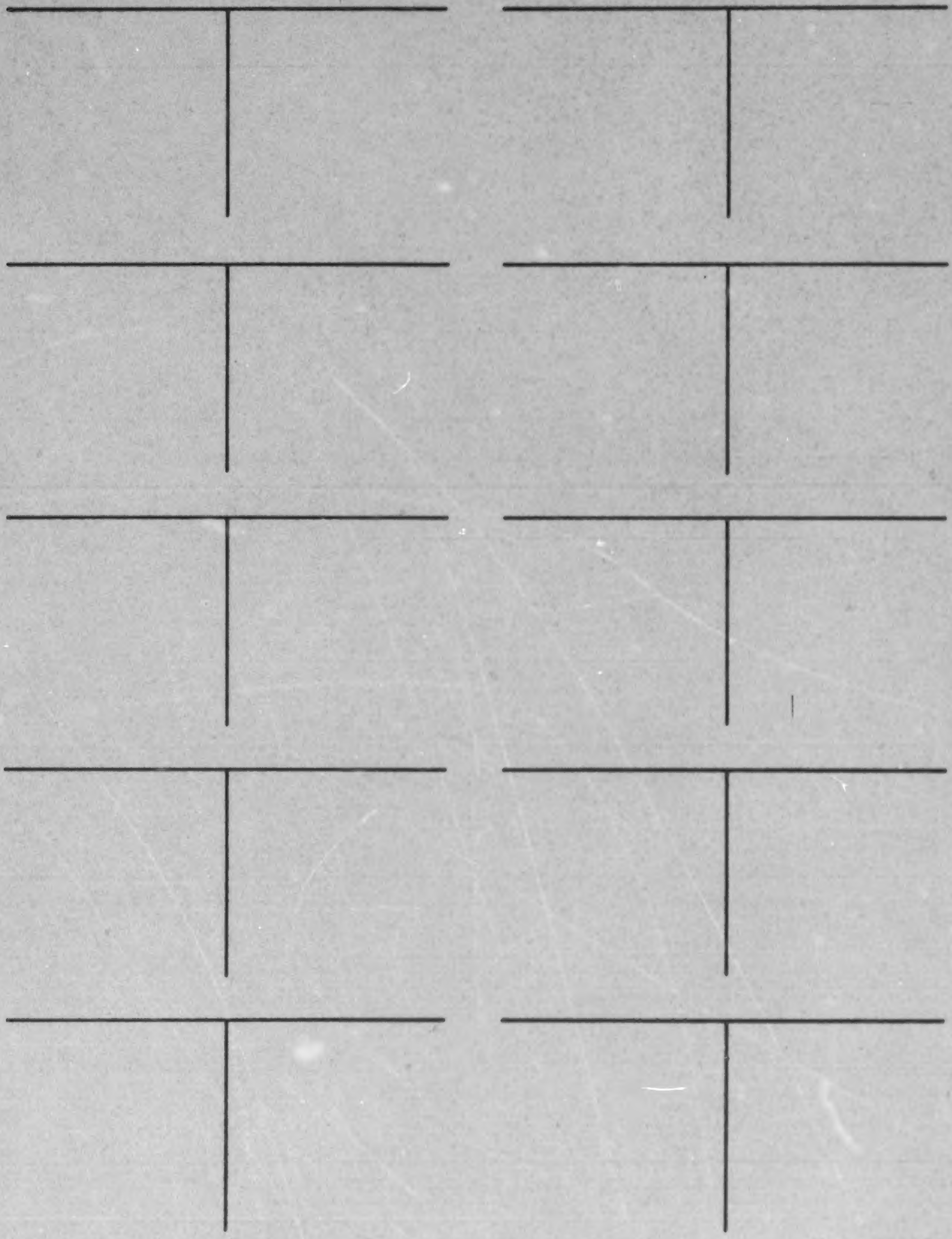


Figure 3.2
T-Account Ledger Format

Cash 1

Bal.	1400.00	1-31	2215.16
1-31	1472.44	2-28	1122.01
657.28	2872.44		3337.17
2-28	1675.01		
1210.28	4547.45		

Prepaid Insurance 3

Bal.	380.00		

Supplies 4

Bal.	405.00		
1-31	88.00		
2-28	57.55		
	550.55		

Furniture 5

Bal.	860.00		

Delivery Truck 7

Bal.	1500.00		

Equipment 8

Bal.	16,045.00		

Federal Income Tax Payable 21

1-12	268.00	Bal.	268.00
		1-31	41.60
		41.60	309.60
		2-28	41.60
		8220	351.20

State Income Tax Payable 22

1-12	90.00	Bal.	90.00
		1-31	5.80
		5.80	95.80
		2-28	5.80
		11.60	101.60

FICA Tax Payable 23

1-12	102.00	Bal.	102.00
		1-31	24.44
		24.44	126.44
		2-28	24.44
		48.88	150.88

State Sales Tax Payable 24

1-12	315.00	Bal.	315.00
		1-31	41.67
		41.67	356.67
		2-28	47.41
		89.08	404.08

Figure 3.2K1
Ans. Key to Posting T-Account Ledger
For Probs. 1 and 2

County Sales Tax Payable 25

1-12	315.00	Bal.	315.00
		1-31	41.67
		41.67	356.67
		2.28	47.40
		89.07	404.07

Equipment Loan Payable 26

		Bal.	1500.00

J. Blair, Capital 31

		Bal.	18000.00

J. Blair, Drawing 32

1-18	400.00		
2-14	400.00		
	800.00		

Income From Sales 41

		1-31	1389.10
		2-28	1580.20
			2969.30

Rent Expense 51

1-1	170.00		
2-1	170.00		
	340.00		

Cleaning Supplies 52

Utilities Expense 53

1-31	27.00		
2-28	47.70		
	74.70		

Payroll Expense 54

1-31	470.00		
2-28	470.00		
	940.00		

FICA Tax (Employer) 55

Figure 3.2K2
Ans. Key to Posting T-Account Ledger
For Probs. 1 and 2

Dues and Subscriptions 56

1-12	7.50	
2-18	10.00 17.50	

Insurance Expense 61

Repairs and Maintenance 57

1-6	18.00	
2-7	23.60 41.60	

Miscellaneous Expense 62

Delivery Truck Expense 58

1-20	16.50	

Advertising Expense 59

2-27	15.00	

Donations Expense 60

Figure 3.2K3
Ans. Key to Posting T-Account Ledger
For Probs. 1 and 2

COMBINED CASH JOURNAL

CASH Received Debit (1)	CASH Paid Out Credit (2)	Check No.	Date	Explanation	Post. Ref.	GENERAL LEDGER Debit (1)	GENERAL LEDGER Credit (2)	Cleaning Supplies Debit (3)	Utilities Debit (4)	Payroll Debit (5)	Federal Income Tax Credit (6)	State Income Tax Credit (7)	FICA Credit (8)	Sales Tax Credit (9)	Income From Sales Credit (10)
			19— Feb. 1	Cash Balance $657.28	✓										
	170 00	13	1	Rent Expense	51	170 00									
270 30			3	Cash Sales										15 30	255 00
	47 70	14	5	Electric Service					47 70						
	23 60	15	7	Repairs and Maintenance	57	23 60									
251 45			11	Cash Sales										14 25	237 20
	15 80	16	12	Plastic Garment covers				16 80							
	400 00	17	14	J Blair, Drawing	32	400 00									
	199 08	18	15	Payroll						235 00	20 80	2 90	12 22		
392 20			15	Cash Sales										22 20	370 00
	10 00	19	18	Subscription "TSM"	56	10 00									
195 04			21	Cash Sales										11 04	184 00
	41 75	20	23	Wire hangers				41 75							
296 80			25	Cash Sales										16 80	280 00
	15 00	21	27	Advertising Expense	59	15 00									
269 24			28	Cash Sales										15 24	254 00
	199 08	22	28	Payroll						235 00	20 80	2 90	12 22		
1675 01	1122 01		28	Totals		618 60		57 55	47 70	470 00	41 60	5 80	24 44	94 81	1580 20
(1)	(1)					✓	✓	(4)	(53)	(54)	(21)	(22)	(23)	State (24)	47.41 (41)
														County (25)	47.40
				Cash Proof											
				Balance, Feb. 1, 19—			657 28			2968 96					
				Plus Receipts for Month			1675 01								
							2332 29								
				Less Payments for Month			1122 01								
				Balance, Feb 28, 19—			1210 28								

Figure 3.3K
Ans. Key to
Journalizing of Feb. Transactions
For Prob. 2

VILLAGE DRYCLEANERS
Trial Balance
January 31, 19__

Account Title	Acct. No.	Debit		Credit	

Figure 4.1
Trial Balance Form

VILLAGE DRYCLEANERS
Trial Balance
February 28, 19__

Account Title	Acct. No.	Debit		Credit	
Cash	1	1210	28		
Prepaid Insurance	3	380	00		
Supplies	4	550	55		
Furniture	5	860	00		
Delivery Truck	7	1500	00		
Equipment	8	16045	00		
Federal Income Tax Payable	21			83	20
State Income Tax Payable	22			11	60
F.I.C.A. Tax Payable	23			48	88
State Sales Tax Payable	24			89	08
County Sales Tax Payable	25			89	07
Equipment Loan Payable	26			1500	00
J. Blair, Capital	31			18 000	00
J. Blair, Drawing	32	800	00		
Income from Sales	41			2969	30
Rent Expense	51	340	00		
Utilities Expense	53	74	70		
Payroll Expense	54	940	00		
Dues and Subscriptions	56	17	50		
Repairs and Maintenance	57	41	60		
Delivery Truck Expense	58	16	50		
Advertising Expense	59	15	00		
		22791	13	22 791	13

Figure 4.1K
Ans. Key to Trial Balance For Prob. 2

COMBINED CASH JOURNAL

Cash (Received) Debit	Cash (Paid Out) Credit	Check No.	Date	Explanation	Post Ref.	General Ledger Debit	General Ledger Credit	Cleaning Supplies Debit	Utilities Debit	Payroll Debit	Federal Income Tax Credit	State Income Tax Credit	FICA Credit	Sales Tax Credit	Income From Sales Credit
1	2					1	2	3	4	5	6	7	8	9	10
			Mar 1	Cash Balance $1,210.28	✓										
	170 00	23	1	Rent Expense	51	170 00									
270 42			2	Cash Sales										15 02	255 40
	43 70	24	4	Electric bill					43 70						
	33 60	25	6	Delivery Truck Expense	58	33 60									
379 48			7	Cash Sales										21 48	358 00
	53 45	26	9	Storage Boxes				53 45							
	31 00	27	10	Telephone bill					31 00						
299 98			11	Cash Sales										16 98	283 00
	400 00	28	14	J. Blair, Drawing	32	400 00									
	199 08	29	15	Payroll						235 00	24 80	2 90	12 22		
338 14			16	Cash Sales										19 14	319 00
	28 00	30	17	Cleaning fluid				28 00							
346 73			18	Cash Sales										19 63	327 10
	3 00	31	20	Dues and Subscriptions	56	3 00									
288 32			26	Cash Sales										16 32	272 00
	74 90	32	26	Drapery hangers				74 90							
	7 50	33	28	Miscellaneous Expense (Post)	62	7 50									
	199 08	34	30	Payroll						235 00	24 80	2 90	12 22		
1923 07				Totals		614 10		156 35	74 70	470 00	49 60	5 80	24 44	108 57	1814 50
(1)	(1)					✓	✓	(4)	(53)	(54)	(21)	(22)	(23)	54 49 (24) 54 44 (24)	(41)
				Cash Proof											
				Balance, March 1		1210 28				[illegible]					
				Plus Receipts for Month		1923 07									
						3133 35									
				Less Payments for Month		1243 31									
				Balance, March 31		1890 04									

Figure 5.1K
Ans. Key to Journalizing Mar. Transactions
For Prob. 3

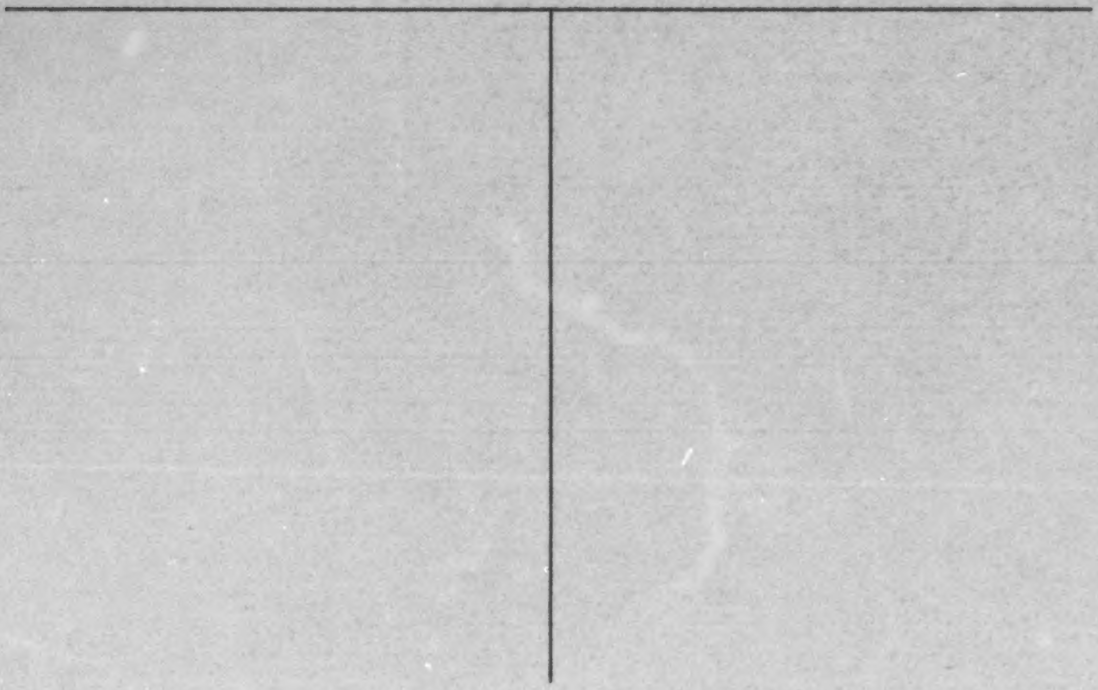


Figure 5.2
T-Account Ledger

Acct. No.

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	

Figure 5.3
2-Column Standard Ledger Form

Acct. No.

Date	Explanation	Post Ref.	Debit	Date	Explanation	Post Ref.	Credit

Acct. No.

Date	Explanation	Post Ref.	Debit	Date	Explanation	Post Ref.	Credit

Acct. No.

Date	Explanation	Post Ref.	Debit	Date	Explanation	Post Ref.	Credit

Acct. No.

Date	Explanation	Post Ref.	Debit	Date	Explanation	Post Ref.	Credit

Acct. No.

Date	Explanation	Post Ref.	Debit	Date	Explanation	Post Ref.	Credit

Figure 5.4
2-Column Standard Ledger Accounts

Cash Acct. No. 1

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19— Feb	28	Balance	✓	1210	28	19— Mar	31		CJ	1243	31
Mar	31		CJ	1923	07						
		1890.04		3133	35						

Prepaid Insurance Acct. No. 3

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19— Feb	28	Balance	✓	380	00						

Cleaning Supplies Acct. No. 4

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19— Feb	28	Balance	✓	550	55						
Mar	31			156	35						
				706	90						

Furniture Acct. No. 5

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19— Feb	28	Balance	✓	860	00						

Delivery Truck Acct. No. 7

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19— Feb	28		✓	1500	00						

Figure 5.4K1
Ans. Key to
Posting Mar. Transactions to 2-Col. Ledger
For Prob. 3

Equipment Acct. No. 8

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19 Feb	28	Balance	✓	16,045	00						

Federal Income Tax Payable Acct. No. 21

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
						19 Feb	28	Balance	✓	83	20
						Mar	31		CJ	41	60
										124	80

State Income Tax Payable Acct. No. 22

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
						19 Feb	28	Balance	✓	11	60
						Mar	31		CJ	5	80
										17	40

FICA Tax Payable Acct. No. 23

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
						19 Feb	28	Balance	✓	48	88
						Mar	31		CJ	24	44
										73	32

State Sales Tax Payable Acct. No. 24

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
						19 Feb	28	Balance	✓	89	08
						Mar	31		CJ	54	43
										143	51

Figure 5.4K2
Ans. Key to
Posting Mar. Transactions to 2-Col. Ledger
For Prob. 3

County Sales Tax Payable Acct. No. 25

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
						19X Feb	28	Balance	✓	89	07
						Mar	31		CJ	54	44
										143	51

Equipment Loan Payable Acct. No. 26

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
						19X Feb	28	Balance	✓	1500	00

J. Blair, Capital Acct. No. 31

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
						19X Feb	28	Balance	✓	18,000	00

J. Blair, Drawing Acct. No. 32

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19X Feb	28	Balance	✓	800	00						
Mar	31		CJ	400	00						
				1200	00						

Income From Sales Acct. No. 41

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
						19X Feb	28	Balance	✓	2969	30
						Mar	31		CJ	1814	20
										4783	50

Figure 5.4K3
Ans. Key to
Posting Mar. Transactions to 2-Col. Ledger
For Prob. 3

Rent Expense Acct. No. 51

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19— Feb	28	Balance	✓	340	00						
Mar	31		CJ	170	00						
				510							

Utilities Expense Acct. No. 53

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19— Feb	28	Balance	✓	74	70						
Mar	31		CJ	74	70						
				149	40						

Payroll Expense Acct. No. 54

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19— Feb	28	Balance	✓	940	00						
			CJ	470	00						
				1410	00						

FICA Expense (Employer) Acct. No. 55

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	

Dues and Subscriptions Acct. No. 56

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19— Feb	28	Balance	✓	17	50						
Mar	31		CJ	3	00						
				20	50						

Figure 5.4K4
Ans. Key to
Posting Mar. Transactions to 2-Col. Ledger
For Prob. 3

Repairs and Maintenance Acct. No. 57

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19 Feb	28	Balance	✓	41	60						

Delivery Truck Expense Acct. No. 58

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19 Feb	28	Balance	✓	16	50						
Mar	31	(Repairs)	CJ	33	60						
				50	10						

Advertising Expense Acct. No. 59

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19 Feb	28	Balance	✓	15	00						

Donations Expense Acct. No. 60

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	

Interest Expense Acct. No. 61

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	

Figure 5.4K5
Ans. Key to
Posting Mar. Transactions to 2-Col. Ledger
For Prob. 3

Miscellaneous Expense Acct. No. 62

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19– Mar	31		CJ	7	50						

Acct. No.

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	

Acct. No.

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	

Acct. No.

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	

Acct. No.

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	

Figure 5.4K6
Ans. Key to
Posting Mar. Transactions to 2-Col. Ledger
For Prob. 3

VILLAGE DRYCLEANERS
Trial Balance
March 31, 19__

Account Title	Acct. No.	Debit		Credit	
Cash	1	1 890	04		
Prepaid Insurance	3	380	00		
Supplies	4	706	90		
Furniture	5	860	00		
Delivery Truck	7	1 500	00		
Equipment	8	16 045	00		
Federal Income Tax Payable	21			124	80
State Income Tax Payable	22			17	40
F.I.C.A. Tax Payable	23			73	32
State Sales Tax Payable	24			143	51
County Sales Tax Payable	25			143	51
Equipment Loan Payable	26			1 500	00
J. Blair, Capital	31			18 000	00
J. Blair, Drawing	32	1 200	00		
Income From Sales	41			4 783	50
Rent Expense	51	510	00		
Utilities Expense	53	149	40		
Payroll Expense	54	1 410	00		
Dues and Subscriptions	56	20	50		
Repairs and Maintenance	57	41	60		
Delivery Truck Expense	58	50	10		
Advertising Expense	59	15	00		
Miscellaneous Expense	62	7	50		
		24 786	04	24 786	04

Figure 5.5K
Ans. Key to Trial Balance For Prob. 3

VILLAGE DRYCLEANERS

Bank Reconciliation Statement
March 31, 19__

Figure 6.1
Bank Reconciliation Form

VILLAGE DRYCLEANERS

Bank Reconciliation Statement
March 31, 19__

Checkbook Balance	$	Bank Statement Balance	$
Plus:		Plus:	
Collections made by bank		Deposits in transit	
Less:		Less:	
Service charges		Outstanding checks	
Returned items			
Fee for Stop Payment			
ADJUSTED CHECKBOOK BALANCE	$_____	ADJUSTED BANK BALANCE	$_____

THESE TWO BALANCES MUST AGREE

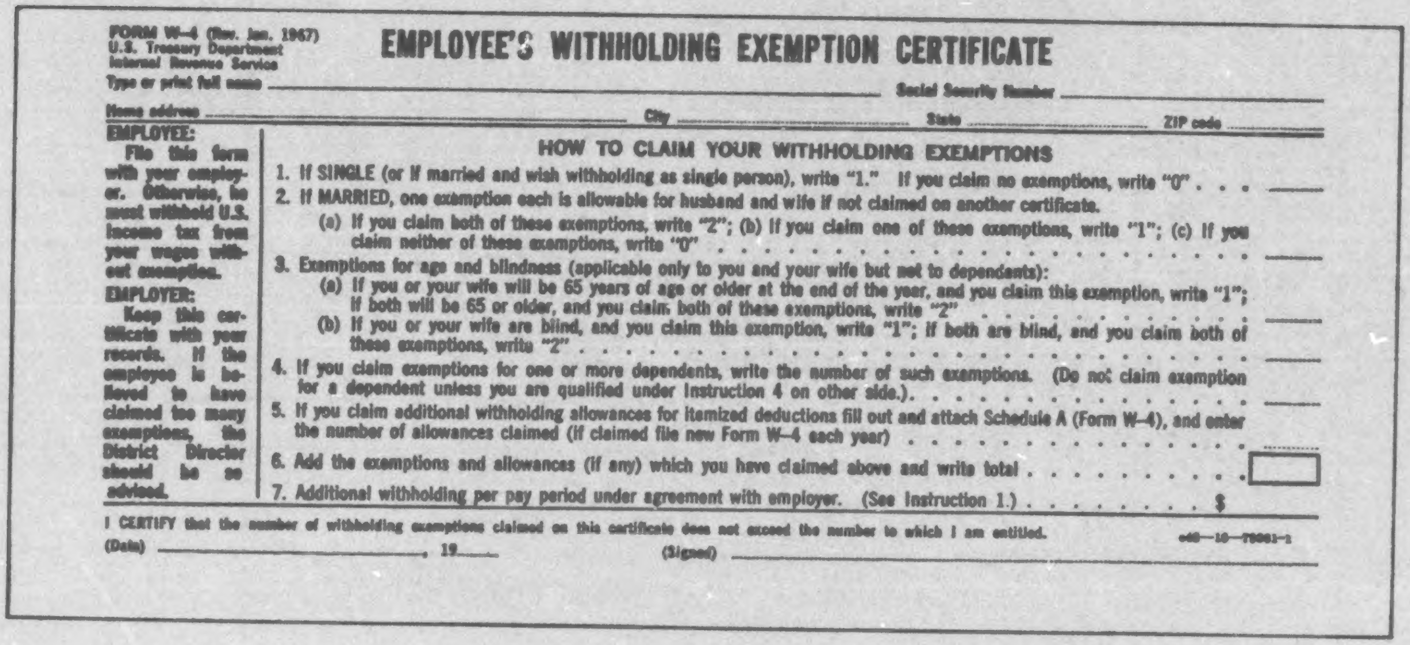
Figure 6.2
Format for Bank Reconciliation Statement

VILLAGE DRYCLEANERS

Bank Reconciliation Statement
March 31, 19__

Checkbook Balance	$1,890.04	Bank Statement Balance	$1,824.20
		Plus:	
		Deposit in transit	288.32
			$2,112.52
Less:		Less:	
Service Charge	2.00	Outstanding Checks	
		#31 - $ 3.00	
		32 - 14.90	
		33 - 7.50	
		34 - 199.08	224.48
ADJUSTED CHECKBOOK BALANCE	$1,888.04	ADJUSTED BANK BALANCE	$1,888.04

Figure 6.2K
Ans. Key to Bank Reconciliation Statement
For Prob. 4



FORM W-4 (Rev. Jan. 1967)
U.S. Treasury Department
Internal Revenue Service

EMPLOYEE'S WITHHOLDING EXEMPTION CERTIFICATE

Type or print full name ______________________ Social Security Number ______________

Home address ______________ City ______________ State ______________ ZIP code ______________

EMPLOYEE:

File this form with your employer. Otherwise, he must withhold U.S. income tax from your wages without exemption.

EMPLOYER:

Keep this certificate with your records. If the employee is believed to have claimed too many exemptions, the District Director should be so advised.

HOW TO CLAIM YOUR WITHHOLDING EXEMPTIONS

1. If SINGLE (or if married and wish withholding as single person), write "1." If you claim no exemptions, write "0" . . . ______
2. If MARRIED, one exemption each is allowable for husband and wife if not claimed on another certificate.
   (a) If you claim both of these exemptions, write "2"; (b) If you claim one of these exemptions, write "1"; (c) If you claim neither of these exemptions, write "0" . . . . ______
3. Exemptions for age and blindness (applicable only to you and your wife but not to dependents):
   (a) If you or your wife will be 65 years of age or older at the end of the year, and you claim this exemption, write "1"; if both will be 65 or older, and you claim both of these exemptions, write "2" . . . . ______
   (b) If you or your wife are blind, and you claim this exemption, write "1"; if both are blind, and you claim both of these exemptions, write "2" . . . . ______
4. If you claim exemptions for one or more dependents, write the number of such exemptions. (Do not claim exemption for a dependent unless you are qualified under Instruction 4 on other side.). . . . . ______
5. If you claim additional withholding allowances for itemized deductions fill out and attach Schedule A (Form W-4), and enter the number of allowances claimed (if claimed file new Form W-4 each year) . . . . ______
6. Add the exemptions and allowances (if any) which you have claimed above and write total . . . . ☐
7. Additional withholding per pay period under agreement with employer. (See Instruction 1.) . . . . $

I CERTIFY that the number of withholding exemptions claimed on this certificate does not exceed the number to which I am entitled.

c40—16—79081-1

(Date) ______________, 19____ (Signed) ______________

Figure 6.3
Form W-4
Employee's Withholding Exemption Certificate

PAYROLL WORKSHEET

Date ____________

			EARNINGS			DEDUCTIONS						
Employee	Ex	Hours	Regular	Overtime	Total Gross	Fed. Inc. Tax	State Inc. Tax	FICA			Total	Net Pay

Figure 6.4
Payroll Worksheet

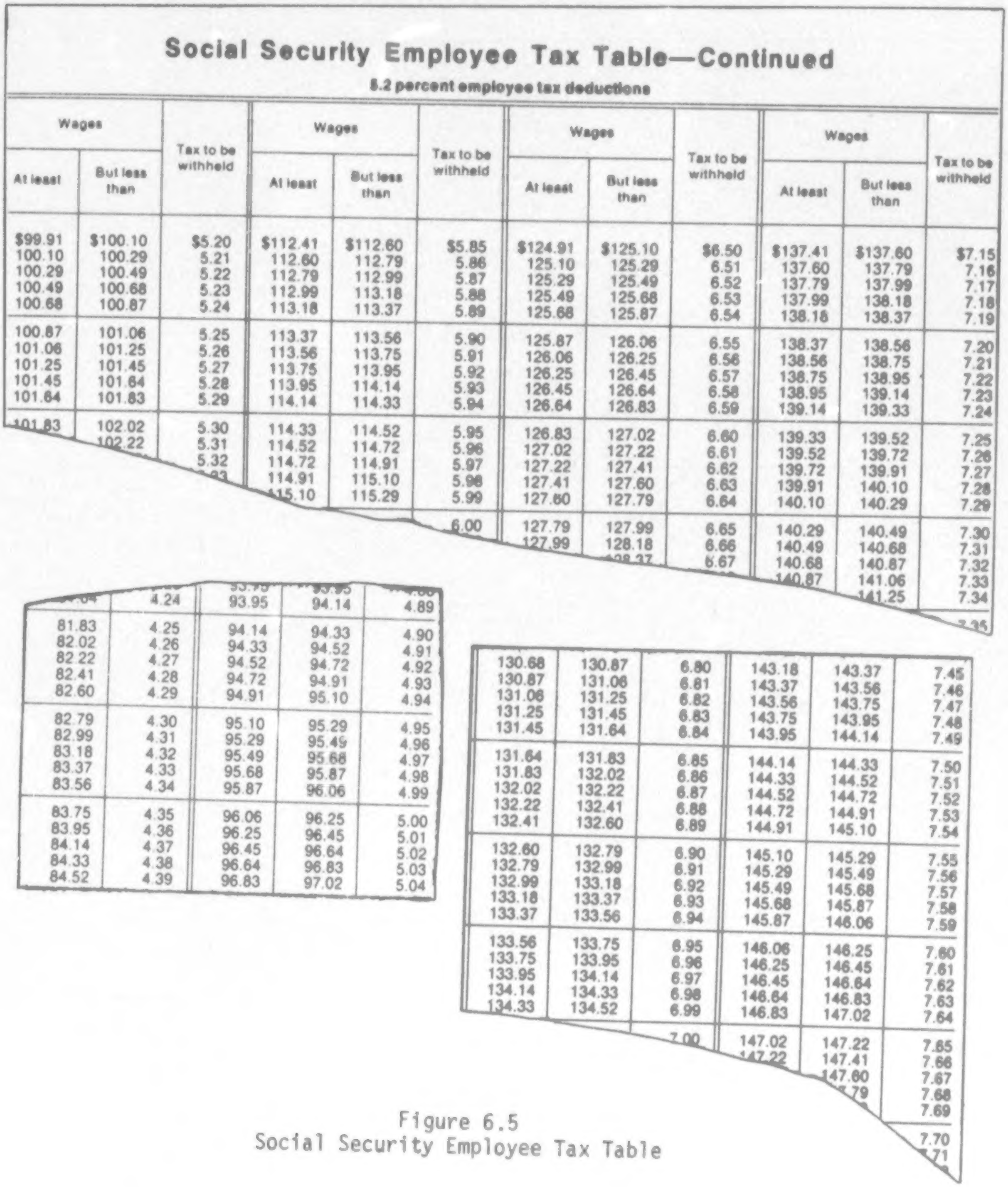
PAYROLL WORKSHEET

Date March 30, 19–

			EARNINGS			DEDUCTIONS						
Employee	Ex	Hours	Regular	Overtime	Total Gross	Fed. Inc. Tax	State Inc. Tax	FICA			Total	Net Pay
* Baker	1	40	95 00	–	95 00	11 30	1 60	4 94			17 84	77 16
Smith	5	40	140 00	–	140 00	9 50	1 30	7 28			18 08	121 92
			235 00	–	235 00	20 80	2 90	12 22			35 92	199 08

Figure 6.4K
Ans. Key for Payroll Worksheet

*Lydia Baker has an agreement with Mr. Blair (employer) to have $1.40 extra withheld for Federal Income Tax each pay period.



Social Security Employee Tax Table—Continued

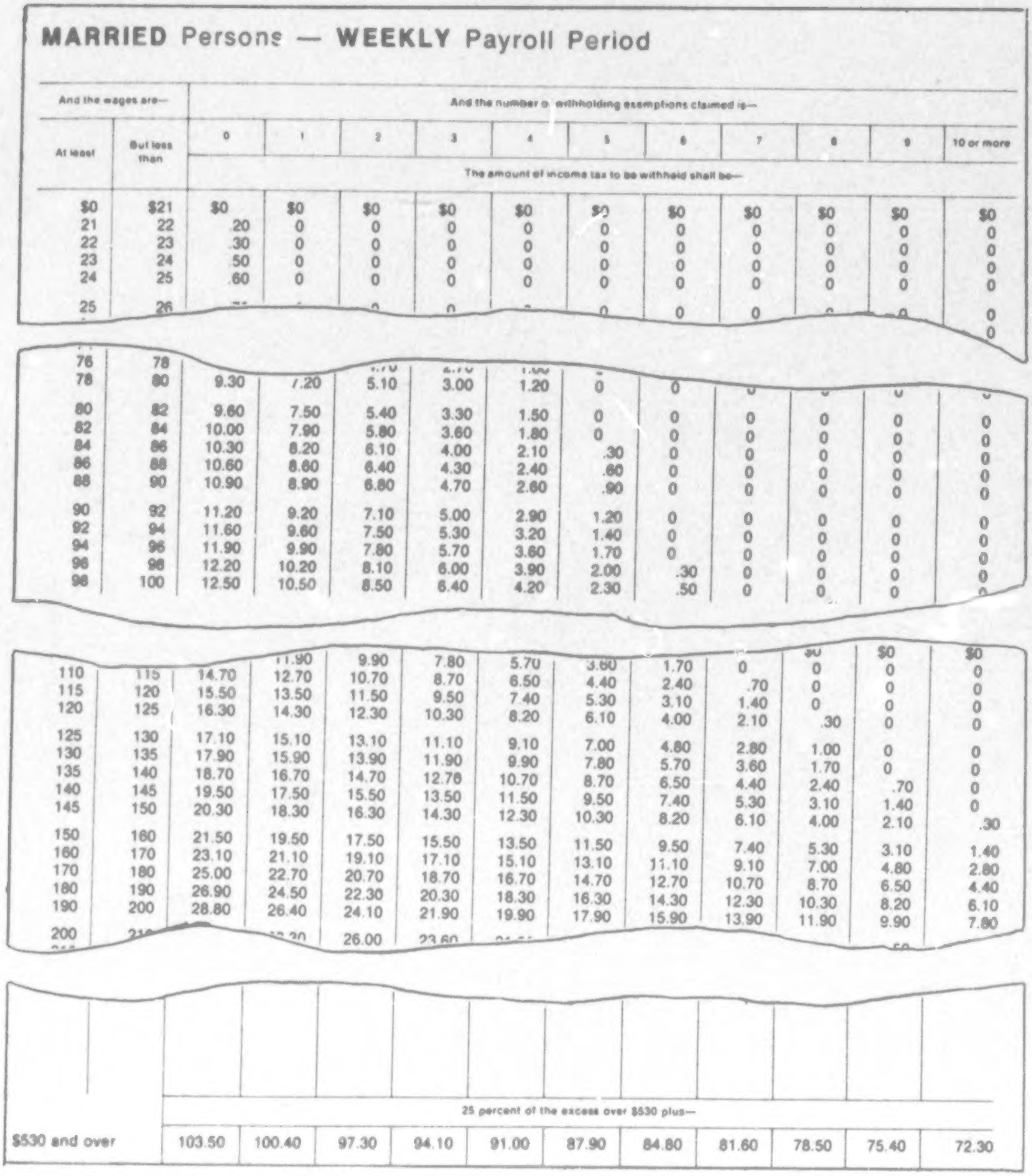
5.2 percent employee tax deductions

Wages		Tax to be withheld	Wages		Tax to be withheld	Wages		Tax to be withheld	Wages		Tax to be withheld
At least	But less than		At least	But less than		At least	But less than		At least	But less than	
$99.91	$100.10	$5.20	$112.41	$112.60	$5.85	$124.91	$125.10	$6.50	$137.41	$137.60	$7.15
100.10	100.29	5.21	112.60	112.79	5.86	125.10	125.29	6.51	137.60	137.79	7.16
100.29	100.49	5.22	112.79	112.99	5.87	125.29	125.49	6.52	137.79	137.99	7.17
100.49	100.68	5.23	112.99	113.18	5.88	125.49	125.68	6.53	137.99	138.18	7.18
100.68	100.87	5.24	113.18	113.37	5.89	125.68	125.87	6.54	138.18	138.37	7.19
100.87	101.06	5.25	113.37	113.56	5.90	125.87	126.06	6.55	138.37	138.56	7.20
101.06	101.25	5.26	113.56	113.75	5.91	126.06	126.25	6.56	138.56	138.75	7.21
101.25	101.45	5.27	113.75	113.95	5.92	126.25	126.45	6.57	138.75	138.95	7.22
101.45	101.64	5.28	113.95	114.14	5.93	126.45	126.64	6.58	138.95	139.14	7.23
101.64	101.83	5.29	114.14	114.33	5.94	126.64	126.83	6.59	139.14	139.33	7.24
101.83	102.02	5.30	114.33	114.52	5.95	126.83	127.02	6.60	139.33	139.52	7.25
	102.22	5.31	114.52	114.72	5.96	127.02	127.22	6.61	139.52	139.72	7.26
		5.32	114.72	114.91	5.97	127.22	127.41	6.62	139.72	139.91	7.27
			114.91	115.10	5.98	127.41	127.60	6.63	139.91	140.10	7.28
			115.10	115.29	5.99	127.60	127.79	6.64	140.10	140.29	7.29
					6.00	127.79	127.99	6.65	140.29	140.49	7.30
						127.99	128.18	6.66	140.49	140.68	7.31
								6.67	140.68	140.87	7.32
									140.87	141.06	7.33
										141.25	7.34
											7.35

	4.24	93.95	94.14	4.89
81.83	4.25	94.14	94.33	4.90
82.02	4.26	94.33	94.52	4.91
82.22	4.27	94.52	94.72	4.92
82.41	4.28	94.72	94.91	4.93
82.60	4.29	94.91	95.10	4.94
82.79	4.30	95.10	95.29	4.95
82.99	4.31	95.29	95.49	4.96
83.18	4.32	95.49	95.68	4.97
83.37	4.33	95.68	95.87	4.98
83.56	4.34	95.87	96.06	4.99
83.75	4.35	96.06	96.25	5.00
83.95	4.36	96.25	96.45	5.01
84.14	4.37	96.45	96.64	5.02
84.33	4.38	96.64	96.83	5.03
84.52	4.39	96.83	97.02	5.04

130.68	130.87	6.80	143.18	143.37	7.45
130.87	131.06	6.81	143.37	143.56	7.46
131.06	131.25	6.82	143.56	143.75	7.47
131.25	131.45	6.83	143.75	143.95	7.48
131.45	131.64	6.84	143.95	144.14	7.49
131.64	131.83	6.85	144.14	144.33	7.50
131.83	132.02	6.86	144.33	144.52	7.51
132.02	132.22	6.87	144.52	144.72	7.52
132.22	132.41	6.88	144.72	144.91	7.53
132.41	132.60	6.89	144.91	145.10	7.54
132.60	132.79	6.90	145.10	145.29	7.55
132.79	132.99	6.91	145.29	145.49	7.56
132.99	133.18	6.92	145.49	145.68	7.57
133.18	133.37	6.93	145.68	145.87	7.58
133.37	133.56	6.94	145.87	146.06	7.59
133.56	133.75	6.95	146.06	146.25	7.60
133.75	133.95	6.96	146.25	146.45	7.61
133.95	134.14	6.97	146.45	146.64	7.62
134.14	134.33	6.98	146.64	146.83	7.63
134.33	134.52	6.99	146.83	147.02	7.64
		7.00	147.02	147.22	7.65
			147.22	147.41	7.66
				147.60	7.67
					7.68
					7.69
					7.70
					7.71

Figure 6.5
Social Security Employee Tax Table



MARRIED Persons — **WEEKLY** Payroll Period

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of income tax to be withheld shall be—										
$0	$21	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
21	22	.20	0	0	0	0	0	0	0	0	0	0
22	23	.30	0	0	0	0	0	0	0	0	0	0
23	24	.50	0	0	0	0	0	0	0	0	0	0
24	25	.60	0	0	0	0	0	0	0	0	0	0
25	26				0		0	0	0			0
												0
76	78											
78	80	9.30	7.20	5.10	3.00	1.20	0	0				
80	82	9.60	7.50	5.40	3.30	1.50	0	0	0	0	0	0
82	84	10.00	7.90	5.80	3.60	1.80	0	0	0	0	0	0
84	86	10.30	8.20	6.10	4.00	2.10	.30	0	0	0	0	0
86	88	10.60	8.60	6.40	4.30	2.40	.60	0	0	0	0	0
88	90	10.90	8.90	6.80	4.70	2.60	.90	0	0	0	0	0
90	92	11.20	9.20	7.10	5.00	2.90	1.20	0	0	0	0	0
92	94	11.60	9.60	7.50	5.30	3.20	1.40	0	0	0	0	0
94	96	11.90	9.90	7.80	5.70	3.60	1.70	0	0	0	0	0
96	98	12.20	10.20	8.10	6.00	3.90	2.00	.30	0	0	0	0
98	100	12.50	10.50	8.50	6.40	4.20	2.30	.50	0	0	0	0
										$0	$0	$0
			11.90	9.90	7.80	5.70	3.60	1.70	0	0	0	0
110	115	14.70	12.70	10.70	8.70	6.50	4.40	2.40	.70	0	0	0
115	120	15.50	13.50	11.50	9.50	7.40	5.30	3.10	1.40	0	0	0
120	125	16.30	14.30	12.30	10.30	8.20	6.10	4.00	2.10	.30	0	0
125	130	17.10	15.10	13.10	11.10	9.10	7.00	4.80	2.80	1.00	0	0
130	135	17.90	15.90	13.90	11.90	9.90	7.80	5.70	3.60	1.70	0	0
135	140	18.70	16.70	14.70	12.70	10.70	8.70	6.50	4.40	2.40	.70	0
140	145	19.50	17.50	15.50	13.50	11.50	9.50	7.40	5.30	3.10	1.40	0
145	150	20.30	18.30	16.30	14.30	12.30	10.30	8.20	6.10	4.00	2.10	.30
150	160	21.50	19.50	17.50	15.50	13.50	11.50	9.50	7.40	5.30	3.10	1.40
160	170	23.10	21.10	19.10	17.10	15.10	13.10	11.10	9.10	7.00	4.80	2.80
170	180	25.00	22.70	20.70	18.70	16.70	14.70	12.70	10.70	8.70	6.50	4.40
180	190	26.90	24.50	22.30	20.30	18.30	16.30	14.30	12.30	10.30	8.20	6.10
190	200	28.80	26.40	24.10	21.90	19.90	17.90	15.90	13.90	11.90	9.90	7.80
200				26.00	23.60							
		25 percent of the excess over $530 plus—										
$530 and over		103.50	100.40	97.30	94.10	91.00	87.90	84.80	81.60	78.50	75.40	72.30

Figure 6.6
Federal Weekly Withholding Tax Table

WAGES		EXEMPTIONS C					
At Least	Less Than	0	1	2	3	4	5
		TAX TO BE WITH					
$ 0	$ 27	$ .00					
27	28	.00					
28	29	.10					
29	30	.10					
30	31	.10					
31	32	.10					
32	33	.20					
33	[illegible]	.20					
34		.20					
	72	1.20	.80	.40	.10		
72	74	1.30	.90	.50	.10		
74	76	1.40	.90	.60	.20		
76	78	1.40	1.00	.60	.20		
78	80	1.50	1.00	.70	.30		
80	82	1.60	1.10	.70	.30		
82	84	1.60	1.20	.80	.40		
84	86	1.70	1.20	.80	.40	.10	
86	88	1.80	1.30	.90	.50	.10	
88	90	1.80	1.40	.90	.60	.20	
90	92	1.90	1.40	1.00	.60	.20	
92	94	2.00	1.50	1.00	.70	.30	
94	96	2.10	1.60	1.10	.70	.30	
96	98	2.10	1.60	1.20	.80	.40	
98	100	2.20	1.70	1.20	.80	.40	.10
100	105	2.30	1.80	1.30	.90	.50	.20

WAGES		EXEMPTIONS CLAIMED										
At Least	Less Than	0	1	2	3	4	5	6	7	8	9	10 or more
		TAX TO BE WITHHELD										
$ 105	$ 110	$ 2.50	$ 2.00	$ 1.50	$ 1.00	$ .70	$ .30					
110	115	2.70	2.20	1.70	1.20	.80	.40	.10				
115	120	2.90	2.40	1.90	1.40	.90	.60	.20				
120	125	3.10	2.50	2.00	1.60	1.10	.70	.30				
125	130	3.30	2.70	2.20	1.70	1.20	.80	.50	.10			
130	135	3.60	2.90	2.40	1.90	1.40	1.00	.60	.20			
135	140	3.80	3.20	2.60	2.10	1.60	1.10	.70	.40			
140	145	4.00	3.40	2.80	2.20	1.80	1.30	.90	.50	.10		
145	150	4.20	3.60	3.00	2.40	1.90	1.40	1.00	.60	.30		
150	160	4.50	3.90	3.30	2.70	2.20	1.70	1.20	.80	.40	.10	
160	170	5.10	4.40	3.70	3.10	2.50	2.10	1.60	1.10	.70	.30	
170	180	5.60	4.80	4.20	3.60	3.00	2.40	1.90	1.40	1.00	.60	.20
180	190	6.10	5.40	4.60	4.00	3.40	2.80	2.30	1.80	1.30	.90	.50
190	200	6.60	5.90	5.20	4.40	3.80	3.20	2.60	2.10	1.60	1.20	.80
200	210	7.20	6.40	5.70	5.00	4.30	3.70	3.10	2.50	2.00	1.50	1.00
210	220	7.80	7.00	6.20	5.50	4.70	4.10	3.50	2.90	2.30		
220	230	8.40	7.60	6.70	6.00	5.30	4.50	3.90				
		9.00	8.20									
480			29.50	28.00	26.50				21.00	19.70	18.40	
490	500	32.20	30.70	29.10	27.60	26.10	24.70	23.30	21.90	20.60	19.30	18.10
500	510	33.40	31.80	30.20	28.60	27.20	25.70	24.20	22.90	21.60	20.20	19.00
510	520	34.60	32.90	31.30	29.70	28.20	26.70	25.30	23.80	22.50	21.20	19.80
520	530	35.80	34.10	32.50	30.90	29.30	27.80	26.30	24.90	23.50	22.10	20.80
530	540	37.00	35.30	33.60	32.00	30.40	28.80	27.40	25.90	24.40	23.10	21.70
540	550	38.20	36.50	34.80	33.10	31.60	30.00	28.40	27.00	25.50	24.00	22.70
550	560	39.40	37.70	36.00	34.30	32.70	31.10	29.50	28.00	26.50	25.10	23.70
560	570	40.60	38.90	37.20	35.50	33.80	32.20	30.70	29.10	27.60	26.10	24.70
570	580	41.90	40.20	38.50	36.70	35.00	33.40	31.80	30.20	28.60	27.20	25.70
580	590	43.10	41.40	39.70	38.00	36.30	34.60	32.90	31.30	29.70	28.20	26.70
590	600	44.30	42.60	40.90	39.20	37.50	35.80	34.10	32.50	30.90	29.30	27.80
600 & over		44.90	43.20	41.50	39.80	38.10	36.40	34.70	33.00	31.40	29.90	28.30
		+ 12.18% of excess over $600										

Figure 6.7
N.Y. State Weekly Withholding Tax Table

CASH BREAKDOWN SHEET FOR PAYROLL Date

Name	Net Pay		$20	$10	$5	$1	25¢	10¢	5¢	1¢

Figure 6.8
Cash Breakdown Sheet for Payroll

CASH BREAKDOWN SHEET FOR PAYROLL

Date *March 30, 19—*

Name	Net Pay		$20	$10	$5	$1	25¢	10¢	5¢	1¢
Baker	77	16	3	1	1	2		1	1	1
Smith	121	92	5	2		1	3	1	1	2
	199	08	8	3	1	3	3	2	2	3

Figure 6.8K
Ans. Key to Cash Breakdown Sheet for Payroll

Note: "50¢" is not included on this sheet because 50-cent pieces are not always available at a bank.

CURRENCY REQUISITION FROM BANK			
Denomination	Quantity	Amount	
$20			
$10			
$ 5			
$ 1			
25¢			
10¢			
5¢			
1¢			
	Total		

Figure 6.9
Currency Requisition from Bank

CURRENCY REQUISITION
FROM BANK

Denomination	Quantity	Amount	
$20	8	160	00
$10	3	30	00
$ 5	1	5	00
$ 1	3	3	00
25¢	3		75
10¢	2		20
5¢	2		10
1¢	3		3
	Total	199	08

Figure 6.9K
Ans. Key to Currency Requisition from Bank

EMPLOYEE EARNINGS RECORD

Name ____________________

Address ____________________

____

Pay Rate __________ Weekly Monthly Overtime Rate __________

Date Employed ____________ Date Terminated ____________

Social Security ____________ Single ☐ Married ☐

Telephone Number ____________ Date of Birth ____________

Number of Exemptions ________ Position ____________

Date	Hours	EARNINGS			DEDUCTIONS						Net Pay	Gross Cumulative Earnings
		Regular	Overtime	Total Gross	Federal Income	State Income	FICA			Total Deduct.		

Figure 6.10
Employee Earnings Record Format

EMPLOYEE EARNINGS RECORD

Name Lydia Baker

Address 4 North St.

Village, NY 12201

Pay Rate 95 week Weekly ~~Monthly~~ Overtime Rate $3.56 hr.

Date Employed Sept. 9, 19__ Date Terminated ____

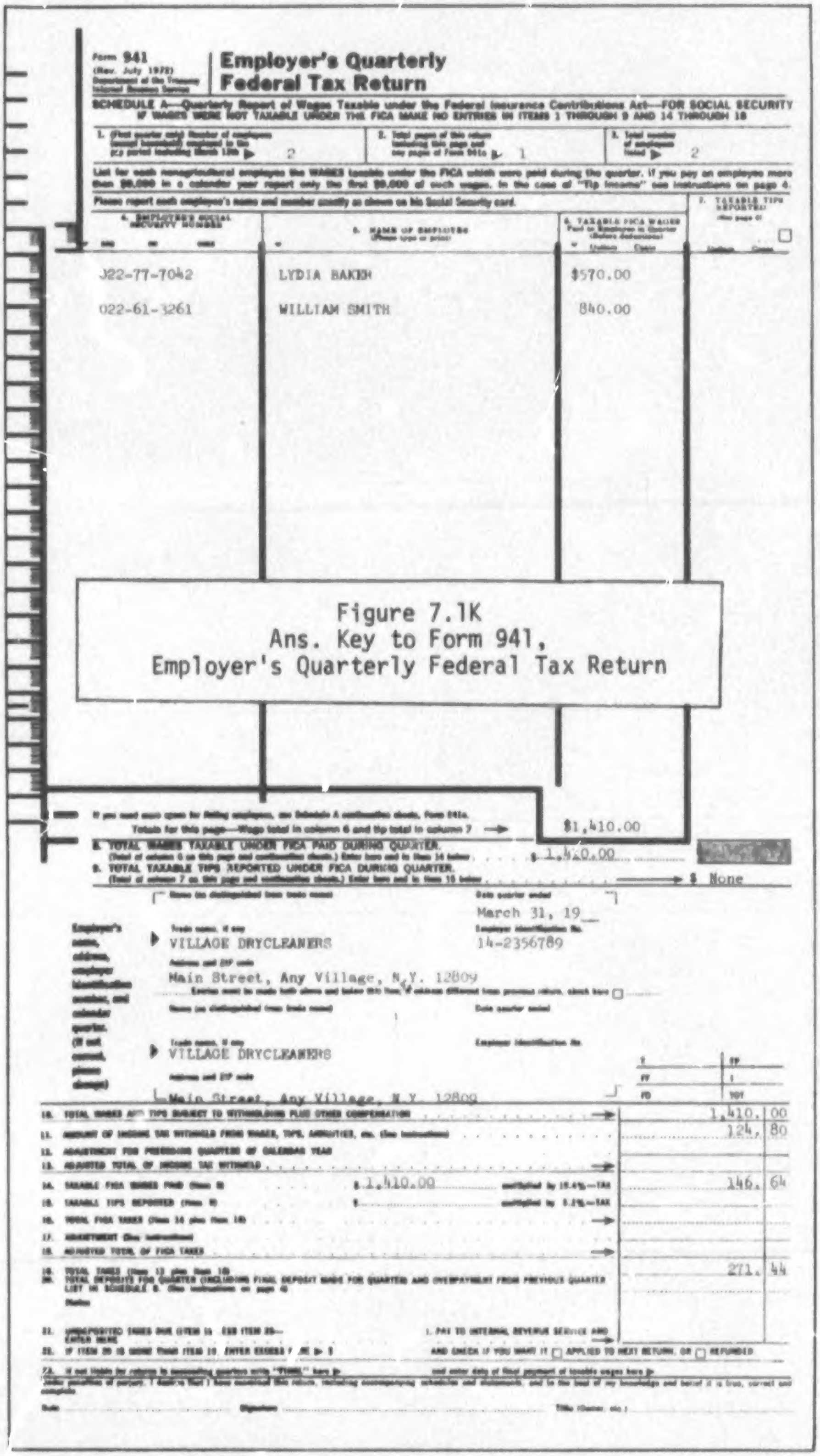
Social Security 022-77-7042 Single ☐ Married ☒

Telephone Number 621-2215 Date of Birth 1-17-27

Number of Exemptions 1 (+1.40) Position Clerk, Counter

Date	Hours	EARNINGS			DEDUCTIONS						Net Pay	Gross Cumulative Earnings
		Regular	Overtime	Total Gross	Federal Income	State Income	FICA			Total Deduct.		
19— Jan 10	40	95 00	—	95 00	11 30	1 60	4 94			17 84	77 16	95 00
30	40	95 00	—	95 00	11 30	1 60	4 94			17 84	77 16	190 00
Feb 15	40	95 00	—	95 00	11 30	1 60	4 94			17 84	77 16	285 00
28	40	95 00	—	95 00	11 30	1 60	4 94			17 84	77 16	380 00
Mar 15	40	95 00	—	95 00	11 30	1 60	4 94			17 84	77 16	475 00
30	40	95 00	—	95 00	11 30	1 60	4 94			17 84	77 16	570 00

Figure 6.10K
Employee Earnings Record
For Lydia Baker



Form 941
(Rev. July 1978)
Department of the Treasury
Internal Revenue Service

Employer's Quarterly Federal Tax Return

SCHEDULE A—Quarterly Report of Wages Taxable under the Federal Insurance Contributions Act—FOR SOCIAL SECURITY
IF WAGES WERE NOT TAXABLE UNDER THE FICA MAKE NO ENTRIES IN ITEMS 1 THROUGH 9 AND 14 THROUGH 18

1. ▶ 2	2. ▶ 1	3. ▶ 2

Please report each employee's name and number exactly as shown on his Social Security card.

4. EMPLOYEE'S SOCIAL SECURITY NUMBER	5. NAME OF EMPLOYEE (Please type or print)	6. TAXABLE FICA WAGES Paid to Employee in Quarter (Before deductions)	7. TAXABLE TIPS REPORTED ☐
J22-77-7042	LYDIA BAKER	$570.00	
022-61-3261	WILLIAM SMITH	840.00	

Totals for this page—Wage total in column 6 and tip total in column 7 → $1,410.00

8. TOTAL WAGES TAXABLE UNDER FICA PAID DURING QUARTER. $ 1,410.00

9. TOTAL TAXABLE TIPS REPORTED UNDER FICA DURING QUARTER. → $ None

Date quarter ended: March 31, 19__

Trade name, if any: VILLAGE DRYCLEANERS

Employer identification No.: 14-2356789

Address and ZIP code: Main Street, Any Village, N.Y. 12809

☐

Trade name, if any: VILLAGE DRYCLEANERS

Address and ZIP code: Main Street, Any Village, N.Y. 12809

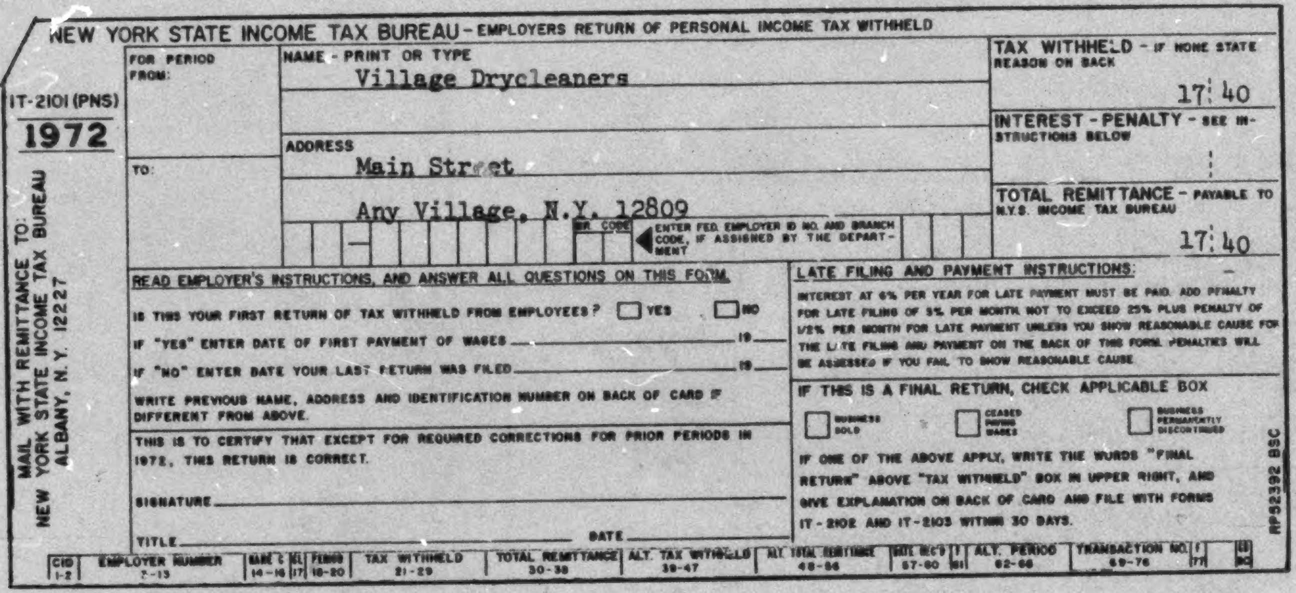
T	FP
FF	I
FD	T01

10. TOTAL WAGES AND TIPS SUBJECT TO WITHHOLDING PLUS OTHER COMPENSATION →	1,410.	00
11. AMOUNT OF INCOME TAX WITHHELD FROM WAGES, TIPS, ANNUITIES, etc. (See instructions)	124.	80
12. ADJUSTMENT FOR PRECEDING QUARTERS OF CALENDAR YEAR		
13. ADJUSTED TOTAL OF INCOME TAX WITHHELD →		
14. TAXABLE FICA WAGES PAID (Item 8) $ 1,410.00 multiplied by 10.4%—TAX	146.	64
15. TAXABLE TIPS REPORTED (Item 9) $ multiplied by 5.2%—TAX		
16. TOTAL FICA TAXES (Item 14 plus Item 15) →		
17. ADJUSTMENT (See instructions)		
18. ADJUSTED TOTAL OF FICA TAXES →		
19. TOTAL TAXES (Item 13 plus Item 18)	271.	44
20. TOTAL DEPOSITS FOR QUARTER		
21. UNDEPOSITED TAXES DUE (ITEM 19 LESS ITEM 20—ENTER HERE →		

22. ... AND CHECK IF YOU WANT IT ☐ APPLIED TO NEXT RETURN, OR ☐ REFUNDED

Date .... Signature .... Title (Owner, etc.) ....

Figure 7.1K
Ans. Key to Form 941,
Employer's Quarterly Federal Tax Return



IT-2101 (PNS)

1972

MAIL WITH REMITTANCE TO:
NEW YORK STATE INCOME TAX BUREAU
ALBANY, N.Y. 12227

NEW YORK STATE INCOME TAX BUREAU - EMPLOYERS RETURN OF PERSONAL INCOME TAX WITHHELD

FOR PERIOD FROM:

TO:

NAME - PRINT OR TYPE Village Drycleaners

ADDRESS Main Street
Any Village, N.Y. 12809

BR. CODE ◀ ENTER FED. EMPLOYER ID NO. AND BRANCH CODE, IF ASSIGNED BY THE DEPARTMENT

TAX WITHHELD - IF NONE STATE REASON ON BACK 17.40

INTEREST - PENALTY - SEE INSTRUCTIONS BELOW

TOTAL REMITTANCE - PAYABLE TO N.Y.S. INCOME TAX BUREAU 17.40

READ EMPLOYER'S INSTRUCTIONS, AND ANSWER ALL QUESTIONS ON THIS FORM.

IS THIS YOUR FIRST RETURN OF TAX WITHHELD FROM EMPLOYEES? ☐ YES ☐ NO

IF "YES" ENTER DATE OF FIRST PAYMENT OF WAGES ____ 19__

IF "NO" ENTER DATE YOUR LAST RETURN WAS FILED ____ 19__

WRITE PREVIOUS NAME, ADDRESS AND IDENTIFICATION NUMBER ON BACK OF CARD IF DIFFERENT FROM ABOVE.

THIS IS TO CERTIFY THAT EXCEPT FOR REQUIRED CORRECTIONS FOR PRIOR PERIODS IN 1972, THIS RETURN IS CORRECT.

SIGNATURE ____

TITLE ____ DATE ____

LATE FILING AND PAYMENT INSTRUCTIONS:

INTEREST AT 6% PER YEAR FOR LATE PAYMENT MUST BE PAID. ADD PENALTY FOR LATE FILING OF 5% PER MONTH NOT TO EXCEED 25% PLUS PENALTY OF 1/2% PER MONTH FOR LATE PAYMENT UNLESS YOU SHOW REASONABLE CAUSE FOR THE LATE FILING AND PAYMENT ON THE BACK OF THIS FORM. PENALTIES WILL BE ASSESSED IF YOU FAIL TO SHOW REASONABLE CAUSE.

IF THIS IS A FINAL RETURN, CHECK APPLICABLE BOX

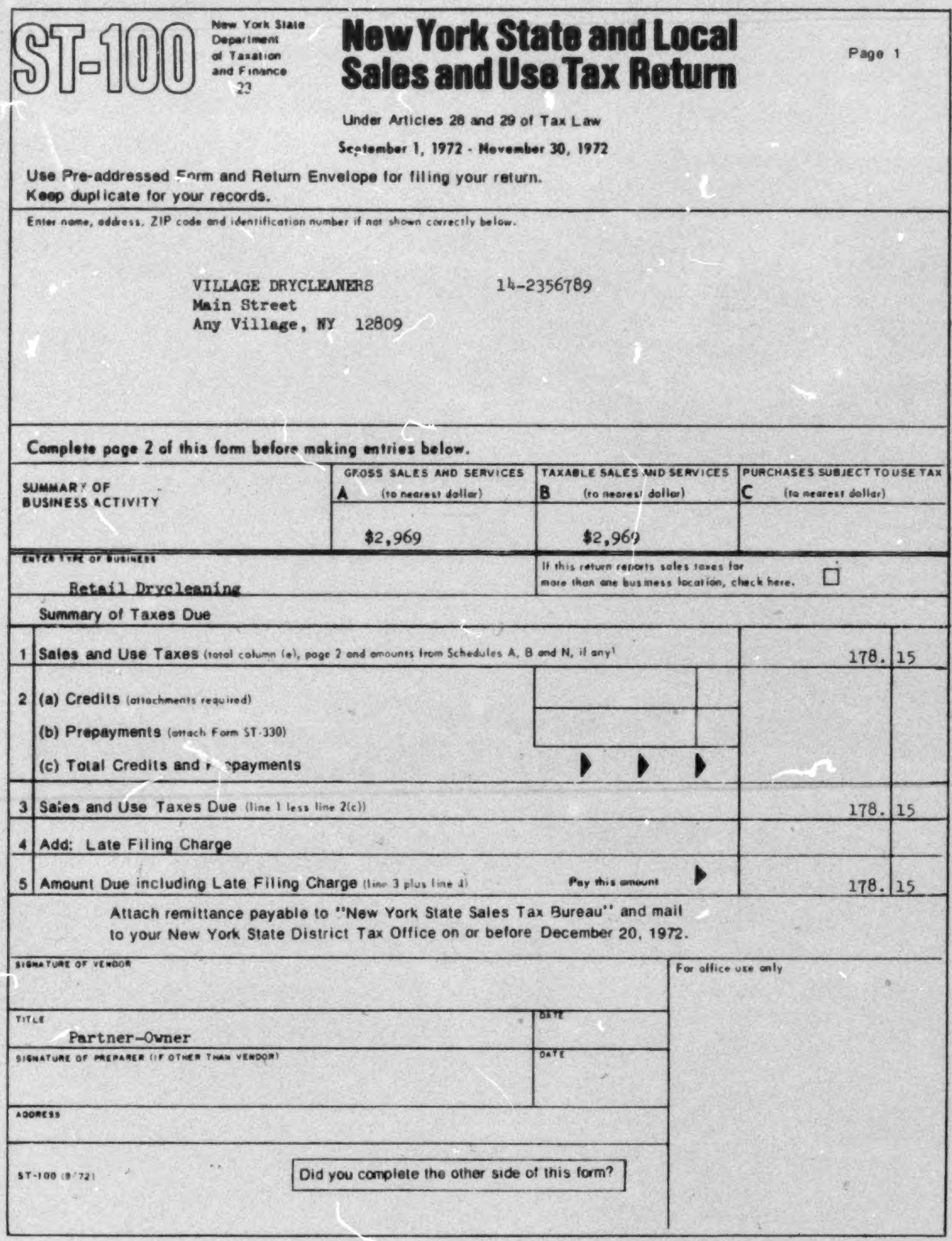
☐ BUSINESS SOLD ☐ CEASED PAYING WAGES ☐ BUSINESS PERMANENTLY DISCONTINUED

IF ONE OF THE ABOVE APPLY, WRITE THE WORDS "FINAL RETURN" ABOVE "TAX WITHHELD" BOX IN UPPER RIGHT, AND GIVE EXPLANATION ON BACK OF CARD AND FILE WITH FORMS IT-2102 AND IT-2103 WITHIN 30 DAYS.

CID 1-2	EMPLOYER NUMBER 7-13	NAME C 14-16	EL 17	PERIOD 18-20	TAX WITHHELD 21-29	TOTAL REMITTANCE 30-38	ALT. TAX WITHHELD 39-47	ALT. TOTAL REMITTANCE 48-56	BAL RECD 57-60	F 61	ALT. PERIOD 62-66	TRANSACTION NO. 69-76	F 77	80

RP52392 BSC

Figure 7.2K
Ans. Key to Form IT-2101 (PNS)
Employer's Return of
N.Y. State Personal Income Tax Withheld



ST-100 New York State Department of Taxation and Finance 23

New York State and Local Sales and Use Tax Return

Page 1

Under Articles 28 and 29 of Tax Law

September 1, 1972 - November 30, 1972

Use Pre-addressed Form and Return Envelope for filing your return.
Keep duplicate for your records.

Enter name, address, ZIP code and identification number if not shown correctly below.

VILLAGE DRYCLEANERS 14-2356789
Main Street
Any Village, NY 12809

Complete page 2 of this form before making entries below.

SUMMARY OF BUSINESS ACTIVITY	A GROSS SALES AND SERVICES (to nearest dollar)	B TAXABLE SALES AND SERVICES (to nearest dollar)	C PURCHASES SUBJECT TO USE TAX (to nearest dollar)
	$2,969	$2,969	

ENTER TYPE OF BUSINESS: Retail Drycleaning

If this return reports sales taxes for more than one business location, check here. ☐

Summary of Taxes Due

1	Sales and Use Taxes (total column (e), page 2 and amounts from Schedules A, B and N, if any)		178. 15
2	(a) Credits (attachments required)		
	(b) Prepayments (attach Form ST-330)		
	(c) Total Credits and Prepayments	▶ ▶ ▶	
3	Sales and Use Taxes Due (line 1 less line 2(c))		178. 15
4	Add: Late Filing Charge		
5	Amount Due including Late Filing Charge (line 3 plus line 4)	Pay this amount ▶	178. 15

Attach remittance payable to "New York State Sales Tax Bureau" and mail to your New York State District Tax Office on or before December 20, 1972.

SIGNATURE OF VENDOR:

For office use only

TITLE: Partner-Owner

DATE:

SIGNATURE OF PREPARER (IF OTHER THAN VENDOR):

DATE:

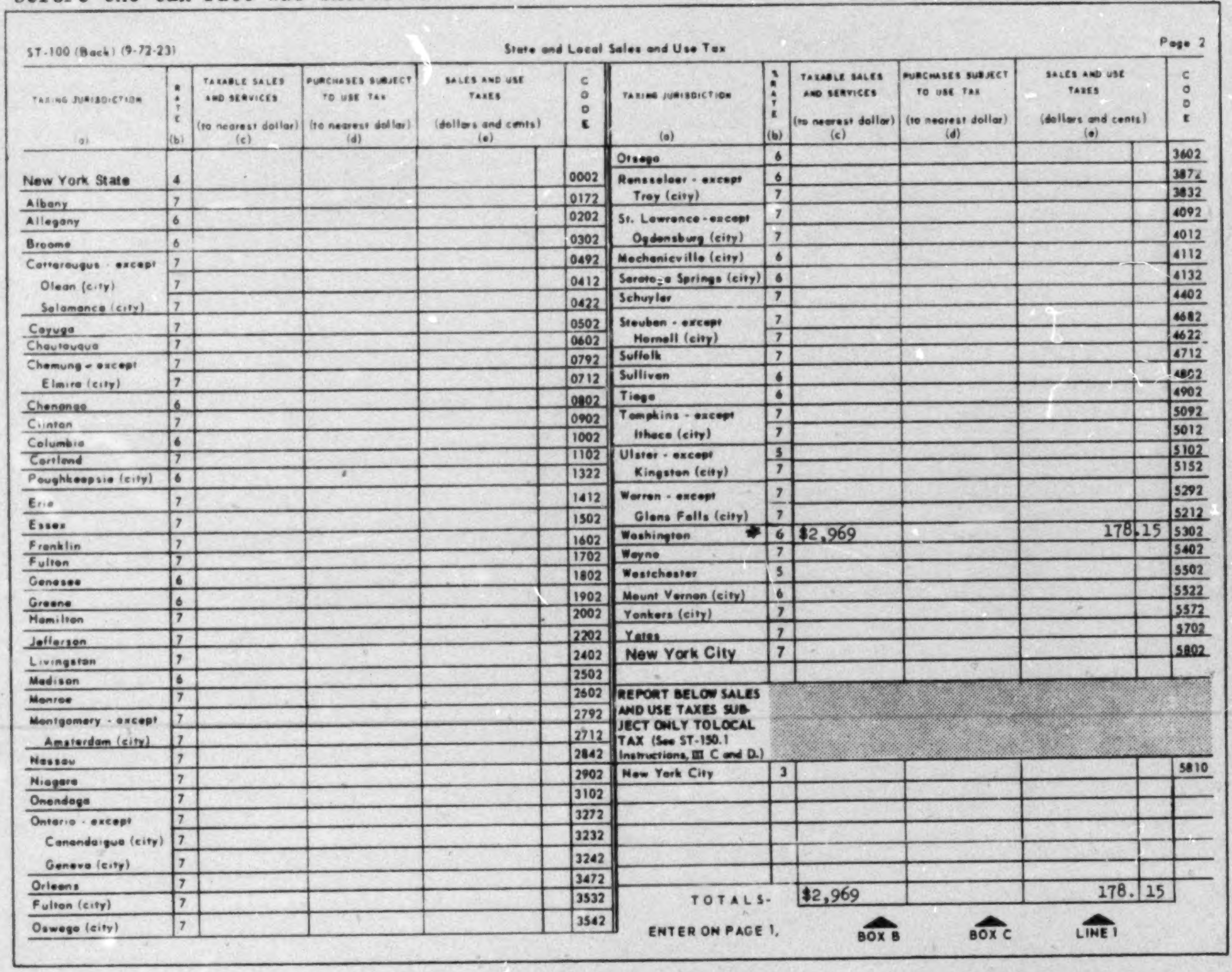
ADDRESS:

ST-100 (9/72)

Did you complete the other side of this form?

Figure 7.3K1
Ans. Key to Form ST-100,
N.Y. State and Local Sales and Use Tax Return for Dec. 1-Feb. 28

*The tax rate for the Sept. 1-Nov. 30, 1972, period covered by this quarterly return is actually 7%. It has been changed to 6% on this form to agree with computations made for illustration, before the tax rate was increased.



ST-100 (Back) (9-72-23) State and Local Sales and Use Tax Page 2

TAXING JURISDICTION (a)	RATE (b)	TAXABLE SALES AND SERVICES (to nearest dollar) (c)	PURCHASES SUBJECT TO USE TAX (to nearest dollar) (d)	SALES AND USE TAXES (dollars and cents) (e)		CODE
New York State	4					0002
Albany	7					0172
Allegany	6					0202
Broome	6					0302
Cattaraugus - except	7					0492
Olean (city)	7					0412
Salamanca (city)	7					0422
Cayuga	7					0502
Chautauqua	7					0602
Chemung - except	7					0792
Elmira (city)	7					0712
Chenango	6					0802
Clinton	7					0902
Columbia	6					1002
Cortland	7					1102
Poughkeepsie (city)	6					1322
Erie	7					1412
Essex	7					1502
Franklin	7					1602
Fulton	7					1702
Genesee	6					1802
Greene	6					1902
Hamilton	7					2002
Jefferson	7					2202
Livingston	7					2402
Madison	6					2502
Monroe	7					2602
Montgomery - except	7					2792
Amsterdam (city)	7					2712
Nassau	7					2842
Niagara	7					2902
Onondaga	7					3102
Ontario - except	7					3272
Canandaigua (city)	7					3232
Geneva (city)	7					3242
Orleans	7					3472
Fulton (city)	7					3532
Oswego (city)	7					3542

TAXING JURISDICTION (a)	RATE (b)	TAXABLE SALES AND SERVICES (to nearest dollar) (c)	PURCHASES SUBJECT TO USE TAX (to nearest dollar) (d)	SALES AND USE TAXES (dollars and cents) (e)		CODE
Otsego	6					3602
Rensselaer - except	6					3872
Troy (city)	7					3832
St. Lawrence - except	7					4092
Ogdensburg (city)	7					4012
Mechanicville (city)	6					4112
Saratoga Springs (city)	6					4132
Schuyler	7					4402
Steuben - except	7					4682
Hornell (city)	7					4622
Suffolk	7					4712
Sullivan	6					4802
Tioga	6					4902
Tompkins - except	7					5092
Ithaca (city)	7					5012
Ulster - except	5					5102
Kingston (city)	7					5152
Warren - except	7					5292
Glens Falls (city)	7					5212
Washington *	6	$2,969		178	15	5302
Wayne	7					5402
Westchester	5					5502
Mount Vernon (city)	6					5522
Yonkers (city)	7					5572
Yates	7					5702
New York City	7					5802
REPORT BELOW SALES AND USE TAXES SUBJECT ONLY TO LOCAL TAX (See ST-150.1 Instructions, III C and D.)						
New York City	3					5810
TOTALS-		$2,969		178.	15	
ENTER ON PAGE 1,		BOX B	BOX C	LINE 1		

Figure 7.3K2
Ans. Key to Form ST-100,
N.Y. State and Local Sales and Use Tax Return for Dec. 1-Feb. 28

COMBINED CASH JOURNAL

Cash (Received) Debit	Cash (Paid Out) Credit	Check No.	Date	Explanation	Post Ref.	General Ledger Debit	General Ledger Credit	Cleaning Supplies Debit	Utilities Debit	Payroll Debit	Federal Income Tax Credit	State Income Tax Credit	FICA Credit	Sales Tax Credit	Income From Sales Credit
			1977 Apr 1	Cash Balance $1,890.04	✓										
		✓	1	F.I.C.A. Tax (Employer)		7332							7332		
	200	✓	1	Miscellaneous Expense	62	200									
	27144	35	1	Federal Income Tax Payable	21	12480									
				F.I.C.A. Tax Payable	29	14664									
	1740	36	1	State Income Tax Payable	22	1740									
	17815	37	1	State Sales Tax Payable	24	8908									
				County Sales Tax Payable	25	8907									
	17000	38	1	Rent Expense	51	17000									
	4552	39	4	Wire Hangers				4552							
18190			4	Cash Sales										1030	17160
	2390	40	5	N.Y. Telephone service					2390						
13822			5	Cash Sales										782	13040
	28600	41	6	(Fire) Prepaid Insurance	3	28600									
	3640	42	6	Repairs and Maintenance	57	3640									
14628			6	Cash Sales										828	13800
	5600	43	7	Dues and Subscriptions	56	5600									
16881			7	Cash Sales										956	15925
	19908	44	8	Cash Payroll						23500	2080	290	1222		
			8	F.I.C.A. Tax Expense	55	1222							1222		
29267			8	Cash Sales										1657	27610
	3580	45	9	Plastic Garment Bags				3580							
21582			9	Cash Sales										1222	20360
	700	46	11	Dues and Subscriptions	56	700									
	3800	47	11	Fuel oil – Heat					3800						
30846			11	Cash Sales										1746	29100
	650	48	12	Miscellaneous Expense	62	650									
12656			12	Cash Sales										716	11940
17246			13	Cash Sales										976	16270
	4300	49	14	Electricity					4300						
16716			14	Cash Sales										946	15770
	45000	50	15	J. Blair, Drawing	32	45000									
	19908	51	15	Cash Payroll						23500	2080	290	1222		
			15	F.I.C.A. Tax Expense	55	1222							1222		
	2800	52	15	Delivery Truck Expense	58	2800									
191834	209327		15	Totals Forward		160465		8132	10490	47000	4160	580	12220	10859	180975

Figure 8.1K1
Ans. Key to Journalizing Apr. Transactions
For Prob. 5

COMBINED CASH JOURNAL

CASH (Received) Debit 1	CASH (Paid Out) Credit 2	Check No.	Date	Explanation	Post Ref	GENERAL LEDGER Debit 1	GENERAL LEDGER Credit 2	Cleaning Supplies Debit 3	Utilities Debit 4	Payroll Debit 5	Federal Income Tax Credit 6	State Income Tax Credit 7	FICA Credit 8	Sales Tax Credit 9	Income From Sales Credit 10
1918 34	2093 27		Apr 15	Totals Forward	✓	1606 65		81 32	109 90	467 00	41 60	5 80	122 20	108 59	1809 75
236 84			15	Cash Sales										13 41	223 43
306 55			16	Cash Sales										17 35	289 20
	10 00	53	18	Donations	60	10 00									
138 22			18	Cash Sales										7 82	130 40
188 15			19	Cash Sales										10 65	177 50
	12 00	54	20	Donations	60	12 00									
178 72			20	Cash Sales										10 12	168 60
241 68			21	Cash Sales										13 68	228 00
	199 08	55	22	Cash Payroll						235 00	20 80	2 90	12 22		
			22	F.I.C.A. Tax Expense	55	12 22							12 22		
381 60			22	Cash Sales										21 60	360 00
311 96			23	Cash Sales										17 64	294 32
	10 00	56	25	Donations	60	10 00									
152 54			25	Cash Sales										8 24	144 30
147 34			26	Cash Sales										8 34	139 00
	28 40	57	27	Repairs and Maintenance	57	28 40									
214 12			27	Cash Sales										12 12	202 00
249 84			28	Cash Sales										14 14	235 70
	199 08	58	29	Cash Payroll						235 00	20 80	2 90	12 22		
			29	F.I.C.A. Tax Expense	55	12 22							12 22		
278 57			29	Cash Sales										15 77	262 80
	450 00	59	30	J. Blair, Drawing	32	450 00									
414 14			30	Cash Sales										23 44	390 70
	1545 00	60	30	Loan Payable	26	1500 00									
				Int. Expense	61	45 00									
5358 61	4546 83		30	Totals		3686 49		81 32	109 90	937 00	83 20	11 60	171 08	302 91	5055 70
(1)	(1)					✓	✓	(4)	(53)	(51)	(21)	(22)	(23)	151 27 (24) 151 64 (25)	[illegible] (41) [illegible]
				Cash Proof											
				Balance, April 1		1890 04									
				Plus Receipts		5358 61									
						7248 65									
				Less Payments		4546 83									
				Balance, April 30		2701 82									

Figure 8.1K2
Ans. Key to Journalizing Apr. Transactions
For Prob. 5

Cash Acct. No. 1

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19– Feb	28	Balance	✓	1210	28	19– Mar	31		CJ	1243	31
Mar	31		CJ	1923	07	Apr	30		CJ	4546	83
		1890.04		3133	35					5790	14
Apr	30		CJ	5358	61						
		2701.82		8491	96						

Prepaid Insurance Acct. No. 3

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19– Feb	28	Balance	✓	380	00						
Apr	6	Fire (3-year)	CJ	286	00						
				666	00						

Cleaning Supplies Acct. No. 4

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19– Feb	28	Balance	✓	550	55						
Mar	31		CJ	156	35						
				706	90						
Apr	30		CJ	81	32						
				788	22						

Furniture Acct. No. 5

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19– Feb	28	Balance	✓	860	00						

Delivery Truck Acct. No. 7

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19– Feb	28	Balance	✓	1500	00						

Figure 9.1K1
Ans. Key to
Posting Mar. and Apr. Transactions
For Prob. 5

Equipment Acct. No. 8

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
Feb	28	Balance	✓	16 045	00						

Federal Income Tax Payable Acct. No. 21

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19- Apr	1		CJ	124	80	19- Feb	28	Balance	✓	83	20
						Mar	31		CJ	41	60
						Apr	30		CJ	124 83	80 20
								83.20		208	00

State Income Tax Payable Acct. No. 22

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19- Apr	1		CJ	17	40	19- Feb	28	Balance	✓	11	60
						Mar	31		CJ	5	80
						Apr	30		CJ	17 11	40 60
								11.60		29	00

FICA Tax Payable Acct. No. 23

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19- Apr	1		CJ	146	64	Feb	28	Balance	✓	48	88
						Mar	31		CJ	24	44
						Apr	30		CJ	171	08
								97.76		244	40

State Sales Tax Payable Acct. No. 24

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19- Apr	1		CJ	89	08	19- Feb	28	Balance	✓	89	08
						Mar	31		CJ	54	43
						Apr	30		CJ	143 151	51 67
								206.10		295	18

Figure 9.1K2
Ans. Key to
Posting Mar. and Apr. Transactions
For Prob. 5

County Sales Tax Payable — Acct. No. 25

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19— Apr	1		CJ	89	07	19— Feb	28	Balance	✓	89	07
						Mar	31		CJ	54	44
						Apr	30		CJ	143 151	51 66
								206.10		295	17

Equipment Loan Payable — Acct. No. 26

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19— Apr	30		CJ	1500	00	19— Feb	28	Balance	✓	1500	00

J. Blair, Capital — Acct. No. 31

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
						19— Feb	28	Balance	✓	18 000	00

J. Blair, Drawing — Acct. No. 32

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19— Feb	28	Balance	✓	800	00						
Mar	31		CJ	400	00						
Apr	15		CJ	1200 450	00 00						
	30		CJ	450	00						
				2100	00						

Income From Sales — Acct. No. 41

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
						19— Feb	28	Balance	✓	2969	30
						Mar	31		CJ	1814	20
						Apr	30		CJ	4783 5055	60 28
										9838	78

Figure 9.1K3
Ans. Key to
Posting Mar. and Apr. Transactions
For Prob. 5

Rent Expense Acct. No. 51

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19- Feb	28	Balance	✓	340	00						
Mar	31		CJ	170	00						
Apr	1		CJ	510 170	00 00						
				680	00						

Utilities Expense Acct. No. 53

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19- Feb	28	Balance	✓	74	70						
Mar	31		CJ	74	70						
Apr	30		CJ	149 104	40 90						
				254	30						

Payroll Expense Acct. No. 54

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19- Feb	28	Balance	✓	940	00						
Mar	31		CJ	470	00						
Apr	30		CJ	1410 940	00 00						
				2350	00						

FICA (Employer) Acct. No. 55

19- Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
Apr	1		CJ	73	32						
	8		CJ	12	22						
	15		CJ	12	22						
	22		CJ	12	22						
	29		CJ	12	22						
				122	20						

Dues and Subscriptions Acct. No. 56

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19- Feb	28	Balance	✓	17	50						
Mar	31		CJ	3	00						
Apr	7		CJ	20 56	50 00						
	11		CJ	7	00						
				83	50						

Figure 9.1K4
Ans. Key to
Posting Mar. and Apr. Transactions
For Prob. 5

Repairs and Maintenance Acct. No. 57

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19— Feb	28	Balance	✓	41	60						
Apr	6		CJ	36	40						
	27		CJ	28	40						
				106	40						

Delivery Truck Expense Acct. No. 58

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19— Feb	28	Balance	✓	16	50						
Mar	31	Repairs	CJ	33	60						
Apr	15	Gas	CJ	50 28	10 00						
				78	10						

Advertising Expense Acct. No. 59

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19— Feb	28	Balance	✓	15	00						

Donations Expense Acct. No. 60

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19— Apr	18	Boy Scouts	CJ	10	00						
	20	Tickets- merchants' assoc.	CJ	12	00						
	25	H.S. award	CJ	10	00						
				32	00						

Interest Expense Acct. No. 61

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19— Apr	30	6-Month Note	CJ	45	00						

Figure 9.1K5
Ans. Key to
Posting Mar. and Apr. Transactions
For Prob. 5

Miscellaneous Expense Acct. No. 62

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	
19– mar	31	Plant-Counter	CJ	7	50						
apr	1	Service Charge	CJ	2	00						
	12	Lost Sweater	CJ	6	50						
				16	00						

Acct. No.

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	

Acct. No.

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	

Acct. No.

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	

Acct. No.

Date		Explanation	Post Ref.	Debit		Date		Explanation	Post Ref.	Credit	

Figure 9.1K6
Ans. Key to
Posting Mar. and Apr. Transactions
For Prob. 5

VILLAGE DRYCLEANERS
Trial Balance
April 30, 19__

Account Title	Acct. No.	Debit		Credit	
Cash	1	2 701	82		
Prepaid Insurance	3	666	00		
Cleaning Supplies	4	788	22		
Furniture	5	860	00		
Delivery Truck	7	1 500	00		
Equipment	8	16 045	00		
Federal Income Tax Payable	21			83	20
State Income Tax Payable	22			11	60
F.I.C.A. Tax Payable	23			97	76
State Sales Tax Payable	24			206	10
County Sales Tax Payable	25			206	10
J. Blair, Capital	31			18 000	00
J. Blair, Drawing	32	2 100	00		
Income from Sales	41			9 838	78
Rent Expense	51	680	00		
Utilities Expense	53	254	30		
Payroll Expense	54	2 350	00		
F.I.C.A. (Employer)	55	122	20		
Dues and Subscriptions	56	83	50		
Repairs and Maintenance	57	106	40		
Delivery Truck Expense	58	78	10		
Advertising Expense	59	15	00		
Donations Expense	60	32	00		
Interest Expense	61	45	00		
Miscellaneous Expense	62	16	00		
		28 443	54	28 443	54

Figure 10.1K
Ans. Key to Trial Balance
For Prob. 5

VILLAGE DRYCLEANERS
Worksheet
4-Month Period Ended April 30, 19__

Account Title	Acct. No.	1 TRIAL BALANCE Debit	2 TRIAL BALANCE Credit	3 INCOME STATEMENT Expenses	4 INCOME STATEMENT Income	5 BALANCE SHEET Assets	6 BALANCE SHEET Liabilities & Net Worth
Cash	1	2701 82				2701 82	
Prepaid Insurance	3	664 00				664 00	
Cleaning Supplies	4	788 22				788 22	
Furniture	5	860 00				860 00	
Delivery Truck	7	1500 00				1500 00	
Equipment	8	16445 00				16045 00	
Federal Income Tax Payable	21		83 20				83 20
State Income Tax Payable	22		11 60				11 60
F.I.C.A. Tax Payable	23		97 76				97 76
State Sales Tax Payable	24		206 10				206 10
County Sales Tax Payable	25		206 10				206 10
J. Blair, Capital	31		18000 00				18000 00
J. Blair, Drawing	32	2100 00				2100 00	
Income from Sales	41		9838 78		9838 78		
Rent Expense	51	680 00		680 00			
Utilities Expense	53	254 30		254 30			
Payroll Expense	54	2350 00		2350 00			
F.I.C.A. (Employer) Expense	55	122 20		122 20			
Dues and Subscriptions	56	83 50		83 50			
Repairs and Maintenance	57	106 40		106 40			
Delivery Truck Expense	58	78 10		78 10			
Advertising Expense	59	15 00		15 00			
Donations Expense	60	32 00		32 00			
Interest Expense	61	45 00		45 00			
Miscellaneous Expense	62	16 00		16 00			
		28443 54	28443 54	3782 50	9838 78	24461 04	18604 76
				6056 28			6056 28
				9838 78	9838 78	24461 04	24461 04

Figure 10.2K
Ans. Key to Financial Statement Worksheet
For Prob. 5

004 479

VILLAGE DRYCLEANERS
Balance Sheet
As of April 30, 19__

Assets	
Cash	$ 2,701.82
Prepaid insurance	666.00
Cleaning supplies	788.22
Furniture	860.00
Delivery truck	1,500.00
Equipment	16,045.00
Total Assets	$22,561.04

Liabilities			
Taxes Payable			
Federal withholding			$ 83.20
State withholding			11.60
FICA tax			97.76
State sales tax			206.10
County sales tax			206.10
Total Liabilities			604.76
Net Worth			
J. Blair, Capital, Jan. 1		$18,000.00	
Net Profit for Period	$6,056.28		
Less drawings	2,100.00		
Net Increase in Capital		3,956.28	
J. Blair, Capital, April 30			21,956.28
Total Liabilities and Net Worth			$22,561.04

Figure 10.3K
Ans. Key to Balance Sheet
For Prob. 5

VILLAGE DRYCLEANERS
Income Statement
For the 4-month period ended April 30, 19__

Items	Amounts	
Income from Sales		$9,838.78
Expenses for Period		
Rent	$ 680.00	
Utilities	254.30	
Payroll	2,350.00	
FICA (Employer)	122.20	
Dues and Subscriptions	83.50	
Repairs and Maintenance	106.40	
Delivery truck	78.10	
Advertising	15.00	
Donations	32.00	
Interest	45.00	
Miscellaneous	16.00	
Total Expenses for Period		3,782.50
Net Profit for Period		$6,056.28

Figure 10.4K
Ans. Key to Income Statement
For Prob. 5